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Teachers' Retirement System of Louisiana

Comprehensive Annual Financial Report

A Component Unit of the State of Louisiana

Fiscal Year Ended June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 OCT 06 1999

Teachers' Retirement System of Louisiana
Comprehensive Annual Financial Report -
A Component Unit of the State of Louisiana
For the Fiscal Year Ended
June 30, 1999

JAMES P. HADLEY, JR.
DIRECTOR

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PREPARED BY THE ACCOUNTING AND INVESTMENT DEPARTMENTS
OF THE
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

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James P. Hadley, Jr.
Director

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JAMES P. HADLEY, JR.
DIRECTOR

LETTER OF TRANSMITTAL

October 1, 1999

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

The Comprehensive Annual Financial Report of Teachers' Retirement System of Louisiana (TRSL) for the fiscal year ended June 30, 1999, is submitted as mandated by Louisiana Revised Statute 11:832(B). This law requires that a report be published annually "showing the fiscal transactions of the System for the preceding school year, the amount of the accumulated cash and securities of the System, and the last balance sheet showing the financial condition of the System by means of an actuarial valuation of the assets and liabilities of the retirement system."

Responsibility for the accuracy of financial statements and all disclosures rests with management. To the best of our knowledge and belief, all information is accurate and has been prepared by the accounting staff in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

The Comprehensive Annual Financial Report is divided into six sections as listed below:

The introductory section contains the letter of transmittal, a listing of the Board of Trustees, a listing of the administrative staff and professional consultants, the System's organizational chart, the Certificate of Achievement for Excellence in Financial Reporting, the Public Pension Principles Achievement Award, a summary of 1998-1999 legislative acts, and a plan summary.

The financial section is composed of the Independent Auditor's Report, General Purpose Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Supporting Schedules.

The investment section is comprised of a report on investment activity, the Investment Policy, Investment Summary, a List of Largest Assets Held, Investment Performance Measurements, Annual Rates of Return, a Schedule of Commissions Paid to Brokers, and Net Earnings on Investments.

The actuarial section contains the actuary's certification letter, a Summary of Assumptions, Actuarial Valuation Balance Sheet, and other pertinent actuarial data.

The statistical section displays trend information on selected data, various graphs, and a list of employing agencies that remit contributions to the System.

The alternative retirement plans section contains information on TRSL's three optional retirement structures: the Optional Retirement Plan (ORP), the Deferred Retirement Option Plan (DROP), and Option 5.

DEFINITION AND PURPOSE OF THE ENTITY

The Teachers' Retirement System of Louisiana (TRSL), a defined benefit pension plan, was established by legislation on August 1, 1936, to provide retirement allowances and other benefits for Louisiana teachers. A Board of Trustees governs TRSL. All invested funds, cash, and property are held in the name of TRSL for the sole benefit of the membership.

ECONOMIC CONDITIONS AND OUTLOOK

Louisiana's economy continues to show positive growth. This positive growth is predicted to continue largely due to expansions in the chemical industry, large defense contracts generating jobs in the shipbuilding industry, and increased growth in the retail industry which includes restaurants, personal service establishments, business services and the hotel industry.

The 1998-99 fiscal year for TRSL proved to be a challenging one in the world of investments. With a downward turn in the market at the end of August 1998, it looked to be a bleak year. However, the market began to rebound and our long-range investment strategy has allowed the System to minimize the effect of down markets and produce another successful year of market returns.

The Board has continued to fulfill its mission to work diligently to protect the integrity and financial viability of the System. It continues to pursue and use prudent investment opportunities that provide the potential to enhance the System's assets. This is evident in the increasing growth of the System's assets and the continued favorable performance of the investment portfolio.

The coming year will also prove to be a challenge. Year 2000 (Y2K) is one of the great unknowns. Views on its effect on the economy range from "no big deal" to a major drop in the market. Despite all of the hoopla, TRSL's diversified portfolio and long-range investment strategy should provide us with another stable, but bountiful year.

MAJOR INITIATIVES

For the Year:

We paid out the second cost-of-living-adjustment (COLA) from our experience account. Eligible retirees received a cost-of-living-adjustment (COLA) on July 1, 1998. This is the second time that TRSL has been able to fund a COLA out of its experience account.

Imaging of our member records continues to expand. As new processes are developed, more member folders are imaged and accessible at the click of a mouse. Services to our membership are increased due to our ability to look at a member's complete record in a matter of seconds.

TRSL's effort to be year 2000 compliant is nearly complete. As of June 30, 1999, all in-house programs have been converted, tested and are being utilized by our staff. Our major software applications have been certified to be year 2000 compliant.

Business Continuity Plan (BCP) is in development. Our staff has identified critical business application functions that must continue in spite of emergencies, disasters, etc., and is finalizing the high-level Business Continuity Plan. Individual departments are in the process of developing detailed contingency plans dealing with their business application procedures.

TRSL has redesigned our external Internet page to provide those who visit more information and encourage them to visit more often. All forms and publications issued and used by the system can now be found on our external web site. Important links to other web sites that our membership may find useful have been incorporated. Come and visit us at www.trsl.state.la.us.

For the Future:

Act 402 of 1999 establishes a mechanism by which TRSL may pay an annual COLA to eligible retirees and beneficiaries. TRSL will pay the first cost-of-living-adjustment (COLA) based on the new legislation effective July 1, 1999. This year, eligible retirees and beneficiaries will receive a 1.6 percent increase in their gross monthly benefit.

To keep up with the electronic commerce age, TRSL will implement a pilot project for the electronic submission of enrollments to the System for new members and members changing employers. Employers will be able to send the information needed to enroll a person into our system by diskette or through the internet (FTP). Once accepted by our in-house computer system, TRSL will generate a letter to the member designed to verify the information received, plus provide additional information regarding various options that may be available to the member. This will be a tremendous enhancement in our service to the membership.

The final phase of our conversion effort to be Y2K compliant will be completed by the end of the fall 1999. This last phase is the replacement of the remaining personal computers that are not Y2K compliant, and the conversion of spreadsheets and word processing documents from non-Y2K compliant software to Y2K compliant software.

1-877-ASK-TRSL, our new information only, toll-free telephone number will be put into service by January 2000. This telephone number will provide general information regarding the various topics most asked about by the membership. Members will be able to receive basic information, request forms and ask specific questions. TRSL staff will be responsible for retrieving these requests and responding within a specified time frame. This will in no way replace our members' option to always contact a staff member directly.

SERVICE EFFORTS AND ACCOMPLISHMENTS

By implementing new processes and staying abreast of the latest trends and technology associated with providing quality service, our staff continues in their efforts to meet the increasing needs of our membership. Although there are many areas of service provided, one that had a major impact on current and future members was the development of a mechanism by which we could initiate and pay a cost-of-living-adjustment to our members on a regular basis. We began working on several different COLA formula scenarios and worked with the legislature to develop and plan legislation to create this COLA mechanism. We surveyed other state retirement systems in an effort to find the best plan for TRSL members. Based on the information in the survey and the COLAs paid in the recent past by TRSL, several different plans were considered. By working with our actuary, legislators, the Louisiana Retired Teachers' Association, and other parties, a cost-of-living-formula was developed that was acceptable to an overwhelming majority of affected parties. This formula allows TRSL to pay an annual cost-of-living-adjustment in any fiscal year it can be funded from the System's experience account. This COLA will be an amount equal to the lesser of 2 percent or the Consumer Price Index for urban consumers (CPI-U) for the preceding calendar year, and will be payable to all eligible retirees and beneficiaries. We are proud of the effort put forth by the many individuals involved in making this a reality.

CONTROLS

In accordance with the Board's and management's goals and policies, TRSL maintains a system of internal controls that provides reasonable assurance that assets are properly safeguarded, resources are efficiently and economically employed, and financial information is reliable and accurate. To achieve these objectives, TRSL uses advanced computer technology, places emphasis on continuing education for its staff, and employs numerous checks and balances within the control environment, including a fully staffed internal audit department. An operating budget for administrative expenses is prepared each year and submitted for review and approval by the Board of Trustees. Changes to the budget during the year must also receive the approval of the Board.

ADDITIONS TO PLAN NET ASSETS

TRSL had revenues of $1,621,662,964 for fiscal year 1999. Revenues were derived from member and employer contributions, investment earnings (less external management investment fees), and state general fund appropriations for supplementary benefits for retirees. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Funds are maintained for the exclusive benefit of all members. Member and employer contributions increased $7,827,385 (4 percent) and $20,340,243 (5 percent), respectively. The increase in contributions was attributable to higher salaries and increased membership.

	1999	1998	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	$ 216,102,491	$ 208,275,106	$ 7,827,385	4%
Employer Contributions	442,793,009	422,452,766	20,340,243	5%
ORP Contributions Retained	30,017,065	27,318,857	2,698,208	10%
Net Investment Income	931,939,036	1,606,741,489	(674,802,453)	(42%)
Other Operating Revenues	811,363	741,679	69,684	9%
Total	$1,621,662,964	$2,265,529,897	$(643,866,933)	(28%)

DEDUCTIONS FROM PLAN NET ASSETS

Expenses totaled $763,611,380 in fiscal year 1999, an increase of $71,398,020 or 10 percent over fiscal year 1998. The major expense was benefits paid to retirees.

	1999	1998	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement Benefits	$735,328,349	$664,147,264	$71,181,085	10%
Refunds of Contributions	21,238,599	21,360,841	(122,242)	(1%)
Administrative Expenses	6,613,935	6,173,891	440,044	7%
Other Operating Expenses	430,497	531,364	(100,867)	(19%)
Total	$763,611,380	$692,213,360	$71,398,020	10%

FUNDING

The actuary determines the annual funding requirements needed to meet current and future benefit obligations. Elements that comprise actuarial contributions are normal cost and amortization of the unfunded accrued liability. Employers are required to pay the percentage of total payroll equal to the normal cost plus an amount sufficient to amortize the unfunded liability by the year 2029. The required contribution is converted to a percentage of total payroll.

The employer contribution rate, established by the Public Retirement Systems' Actuarial Committee, was 16.5 percent for 1998-1999 and will be 15.2 percent for 1999-2000. The member contribution rate for both years remains 8 percent.

At June 30, 1999, the last valuation date, the System was 70.8 percent funded, compared to 67.2 percent funded at June 30, 1998.

FIDUCIARY RESPONSIBILITY

The best interest of the membership is of paramount importance to the System, and all duties of the Board and management are performed in accordance with their fiduciary responsibility. There can be no conflict of interest concerning the membership; the highest standards of ethical management must be met; assets must be managed prudently; and the best legal and investment expertise must be employed in deciding on the use of funds.

CASH MANAGEMENT

TRSL's cash management program is designed to achieve the fastest possible utilization of cash receipts in order to enhance the earnings of the System. This program is also designed to control and manage disbursements in a manner that is economically beneficial to the System.

TRSL promotes wire transfers directly to the System's bank account to accelerate receipt of contributions from the employing agencies. TRSL provides self-addressed, bar-coded envelopes to reduce mail and processing time for those employers who do not wire funds. Individual checks received from members at the TRSL office are deposited daily.

Disbursement procedures, designed to lengthen float and minimize idle cash, range from overnight investments to zero-balance concentration bank accounts. The investment department maximizes returns on cash balances by purchasing high-quality, short-term instruments through money market accounts, U.S. Treasury securities, repurchase agreements, commercial paper, and bank certificates of deposit.

Debit programs are in place to retrieve funds transferred to retirees' bank accounts after their deaths. The System is also capable of placing stop-payments on checks via computer.

TRSL continues to search for new and innovative methods to control and manage its cash.

INVESTMENTS

As the state's largest public retirement system, TRSL is responsible for the prudent management of $11.3 billion held in trust for our members' pension benefits. Diversification to reduce risk is evident in every area of the allocation of assets. TRSL utilizes both domestic and international stocks, bonds, currency futures, real estate trusts, private equity partnerships, mezzanine funds, lending of securities, and short-term investments to provide the diversification necessary to control risks. Diversification is fine-tuned even further by breaking down the previously mentioned categories into growth, value, and income-producing stocks, corporate bonds, U.S. Treasuries, and Ginnie Maes, etc. For fiscal year 1999, investments provided a 10.0 percent return with the 3 year and 5 year averages of 15.1 percent and 15.3 percent, respectively. A more detailed list of investment performance can be found on page 63. The Investment Policy of this System can be found on pages 53 through 58.

INDEPENDENT AUDIT

A financial and compliance audit is performed each year by an independent certified public accounting firm. The current auditors are Hawthorn, Waymouth & Carroll, L.L.P. located in Baton Rouge, Louisiana. The audit of the financial statements is performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Louisiana for its comprehensive annual financial report for the fiscal year ended June 30, 1998. This was the eighth consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, TRSL received the Public Pension Principles Achievement Award for the period ended June 30, 1998. This award covers a two-year period and is given by the Public Pension Coordinating Council to public employee retirement systems in recognition of the achievement of high professional standards in the areas of benefits, actuarial valuations, financial reporting, investments, and disclosures to members. We are proud to have received this award for the second time and are the only public retirement system in Louisiana to have received this award.

TRSL has again received civic awards this past year for contributions made by our staff to the community. The System was again recognized and received the first place award from the March of Dimes/Walk America Organization for donating the largest amount of money per capita in the state government category and received the second place award for the second largest donation made by agencies that participated in the state government category. Our employees donated their time and talents in raising over $5,400 to benefit the March of Dimes effort to eliminate birth defects.

ACKNOWLEDGEMENTS

We strive to provide valuable and reliable information to those who read our report. Without the combined efforts of our staff, especially the Accounting and Investment Departments, this report would not be possible. We extend a huge "Thank You" to them for their hard work and dedication to getting the job done.

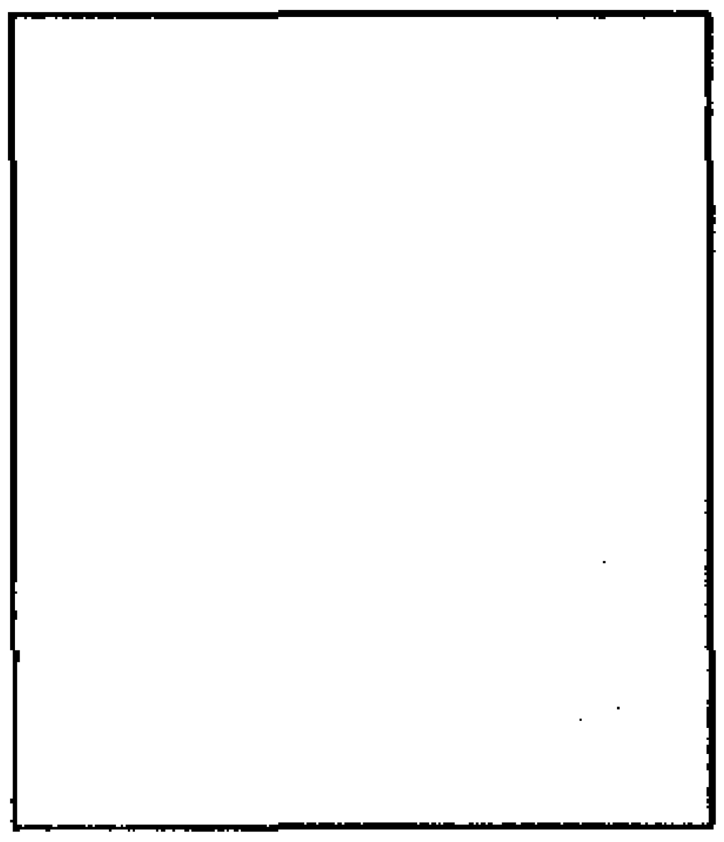
We also extend our appreciation to our Board of Trustees, who work many hours addressing issues to protect the System and enhance the fiscal and operational well being of TRSL. The dedication of these individuals and countless others ensure the successful operation of our retirement system.

Sincerely,

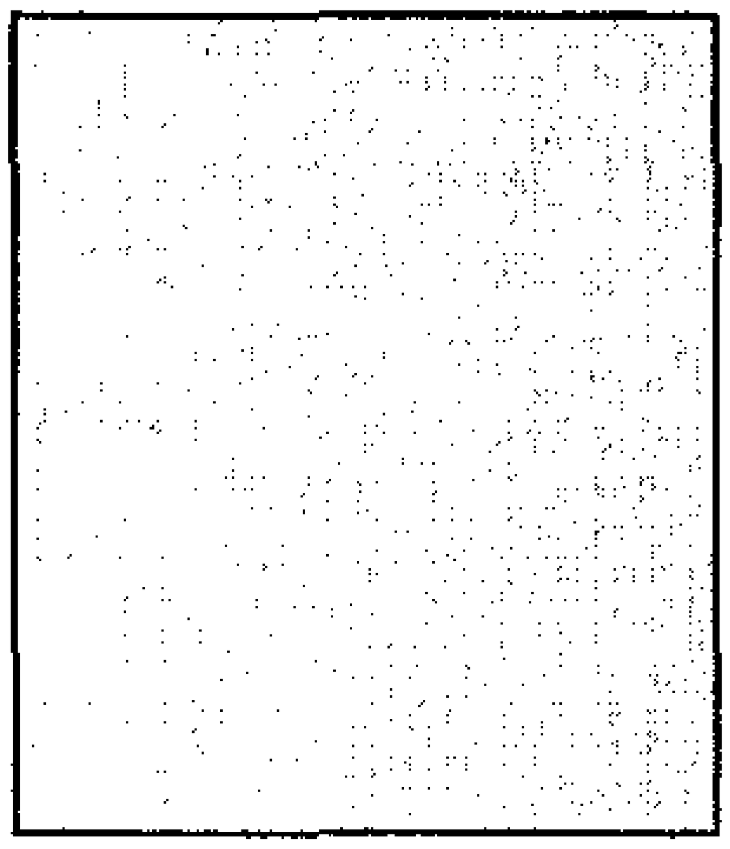
James P. Hadley, Jr.
Director

Dana L. Vicknair
Accountant Administrator

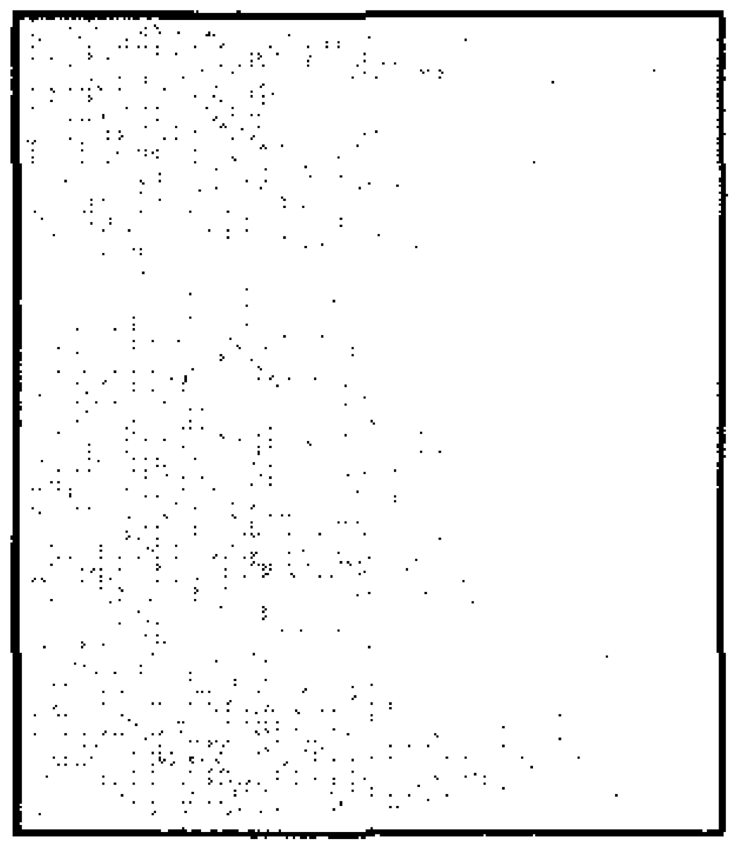
BOARD OF TRUSTEES



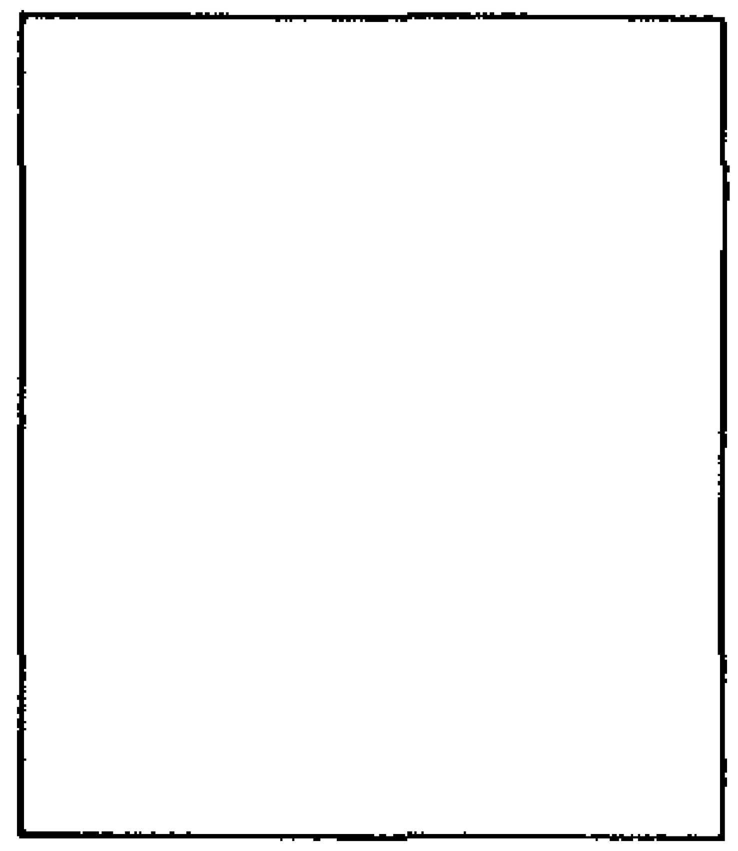
William C. Baker, Ed.D.
Board Chairman
Baton Rouge, Louisiana
Retired Teachers
Term expires 12/31/02



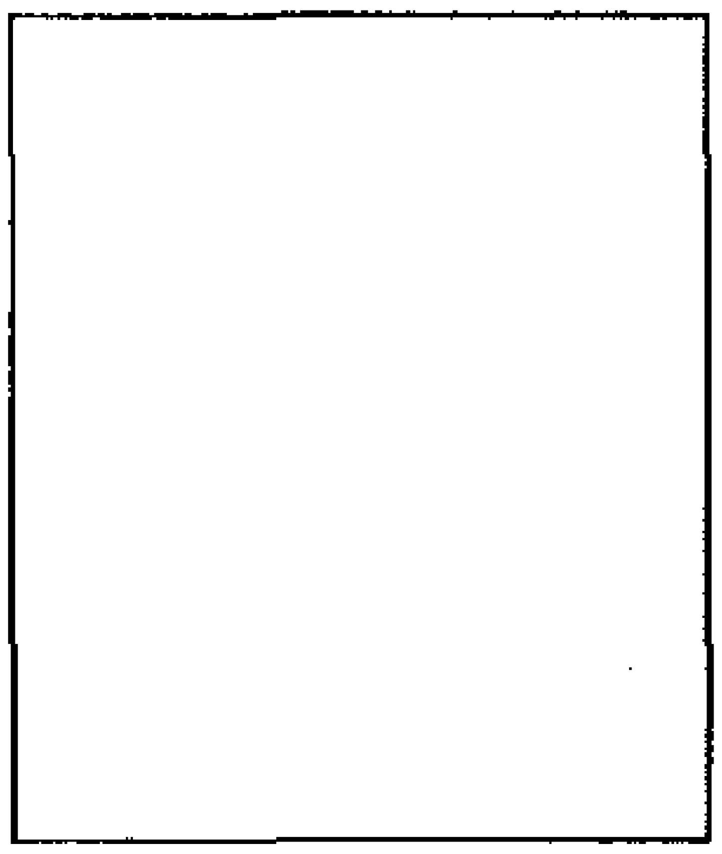
Jerry J. Baudin, Ph.D.
Board Vice Chairman
Baton Rouge, Louisiana
Colleges & Universities
Term expires 12/31/02



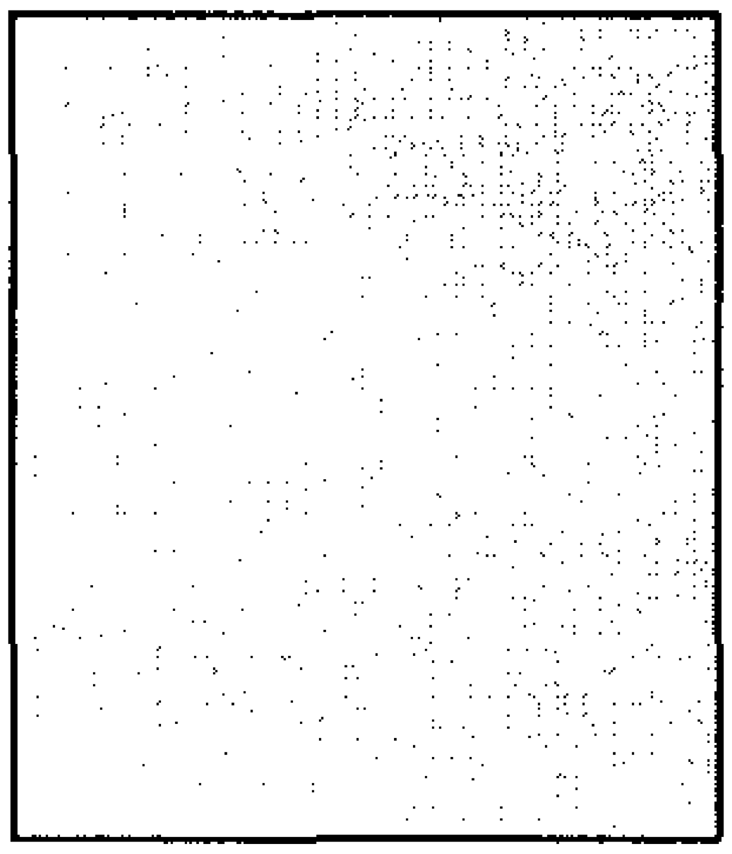
Anne H. Baker
Baton Rouge, Louisiana
Retired Teachers
Term expires 12/31/01



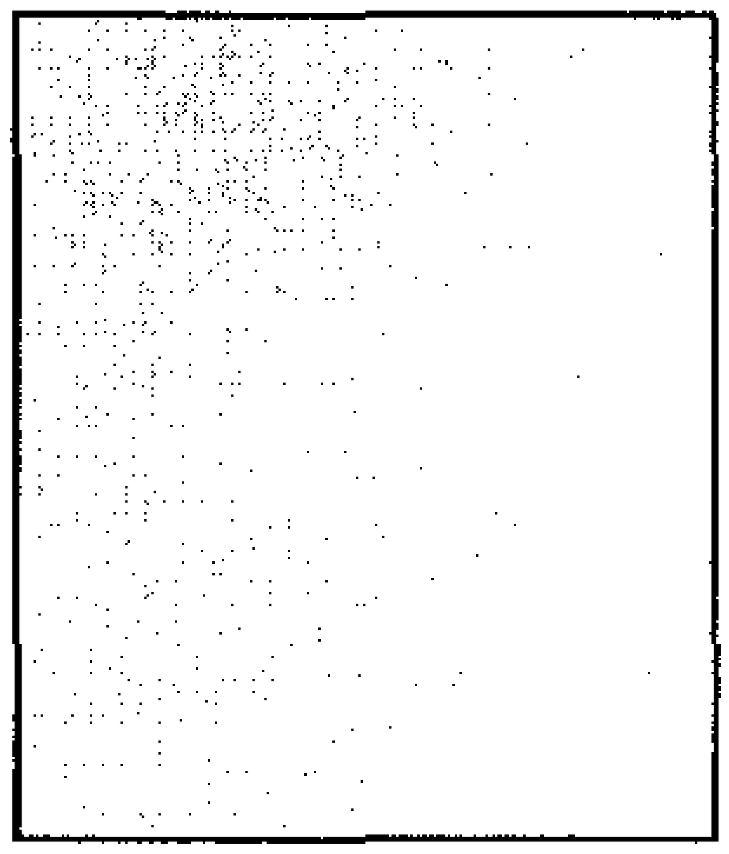
Charles P. Bujol
Plaquemine, Louisiana
Superintendents
Term expires 12/31/02



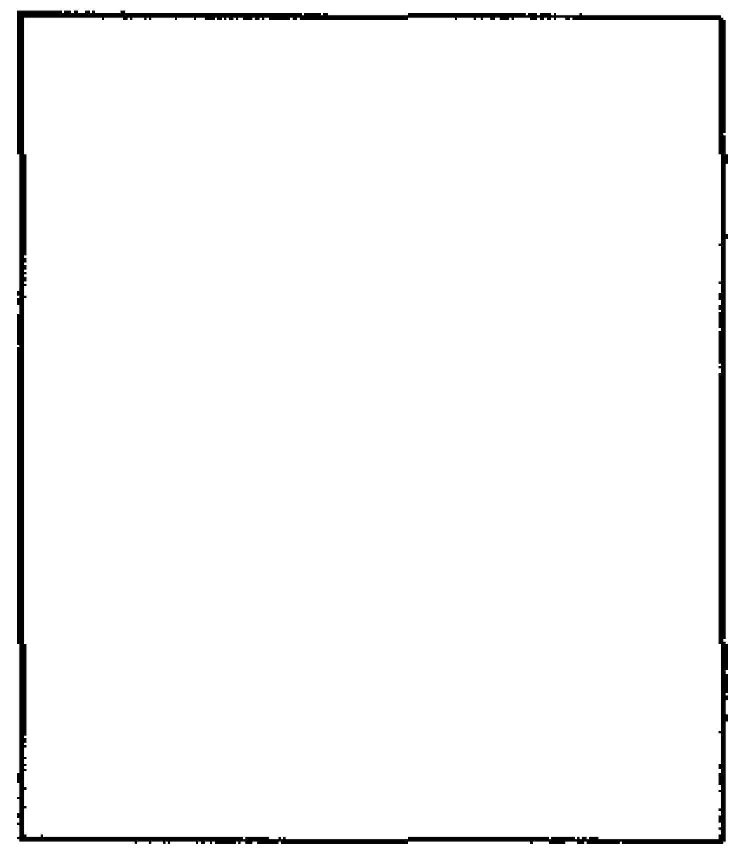
Syble T. Jones
Alexandria, Louisiana
School Food Service Employees
Term expires 12/31/01



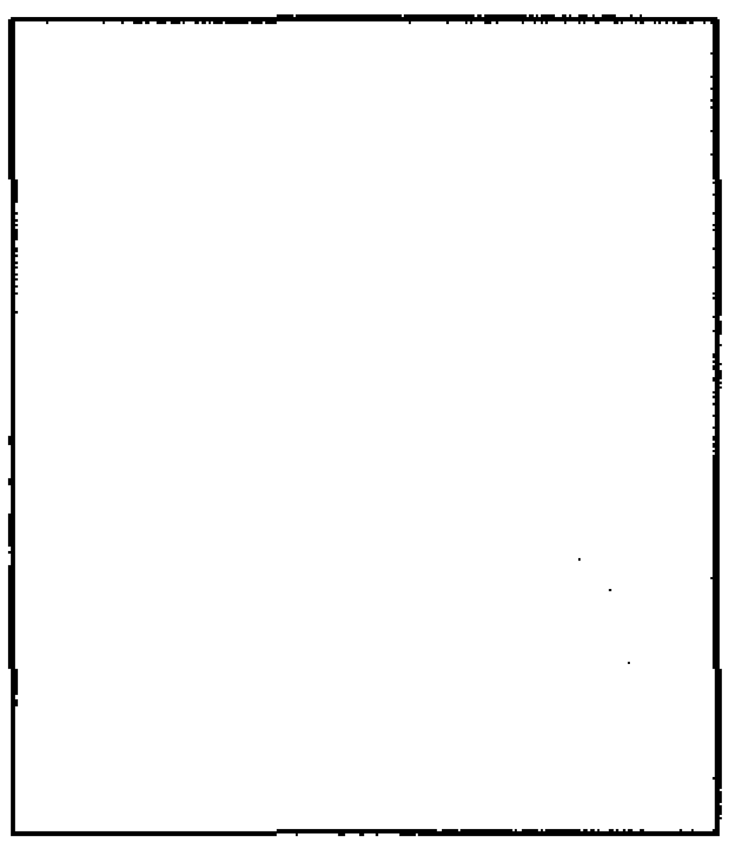
Lawrence J. Moody, Jr.
Harvey, Louisiana
1st District
Term expires 12/31/02



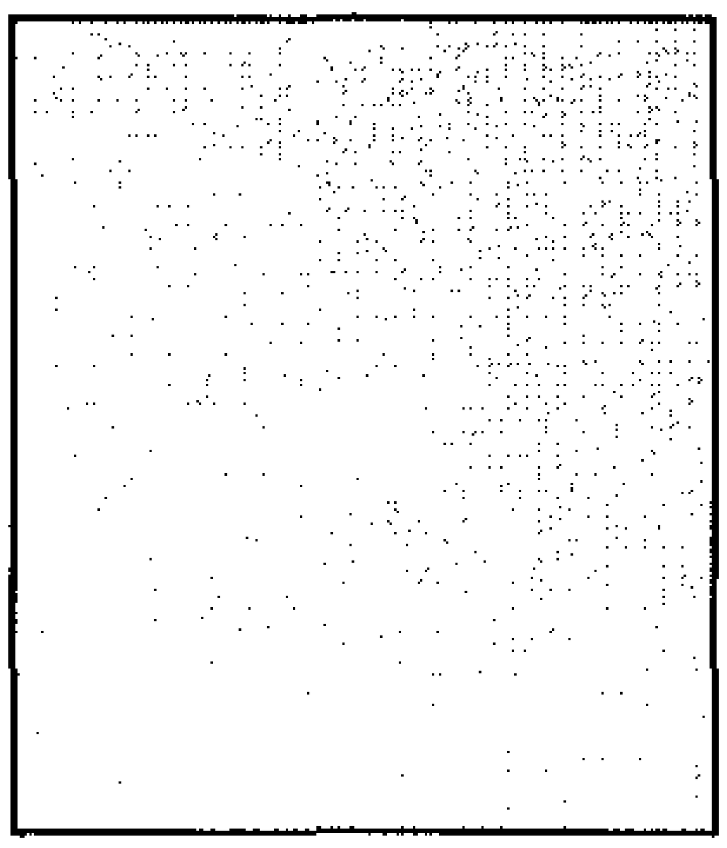
Eula M. Beckwith
New Orleans, Louisiana
2nd District
Term expires 12/31/03



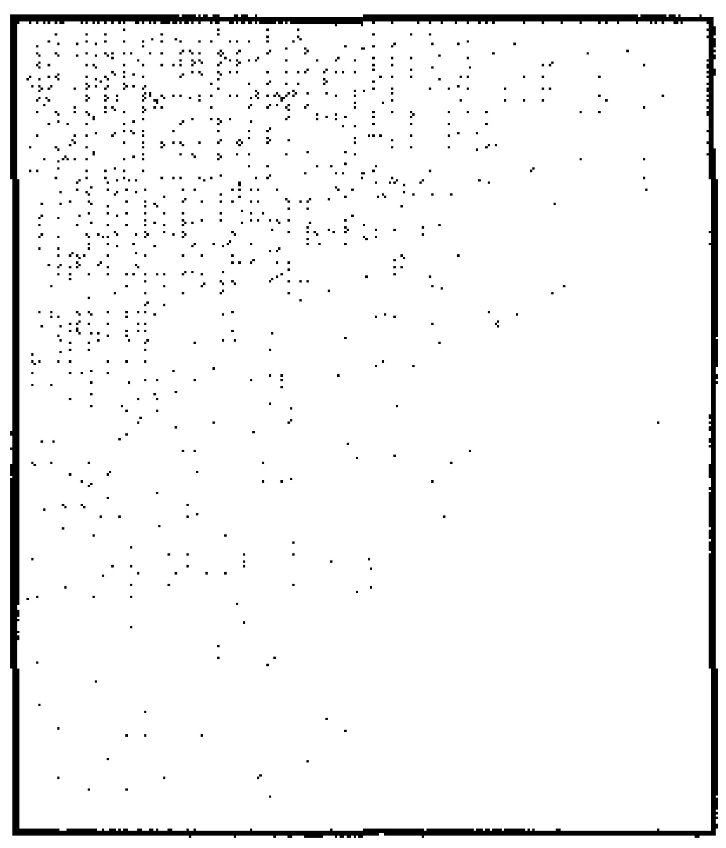
Clyde F. Hamner
Houma, Louisiana
3rd District
Term expires 12/31/99



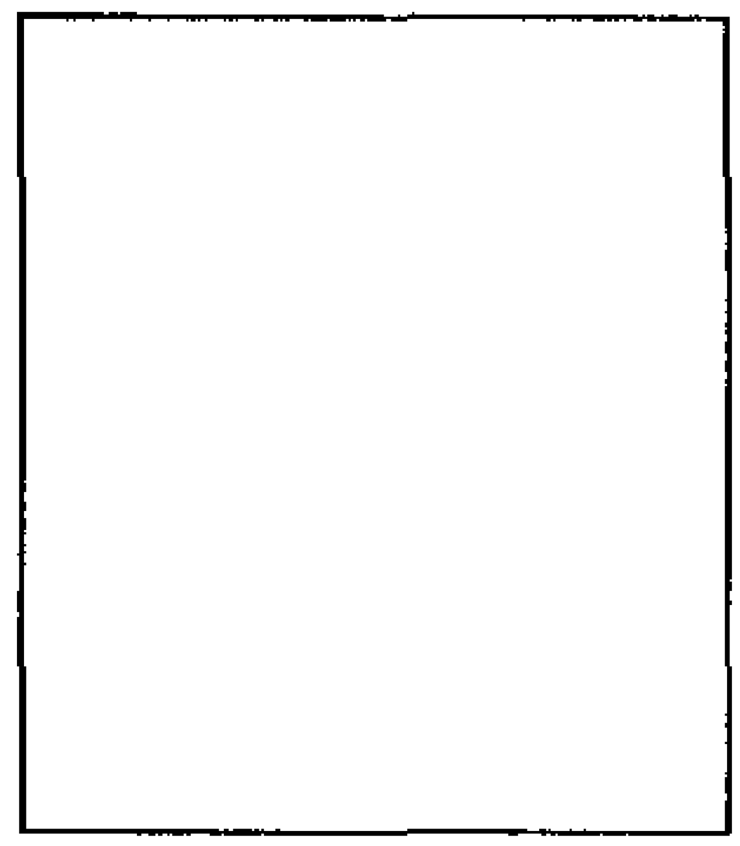
S. L. Slack
Shreveport, Louisiana
4th District
Term expires 12/31/99



Diane R. Holland
Tallulah, Louisiana
5th District
Term expires 12/31/00

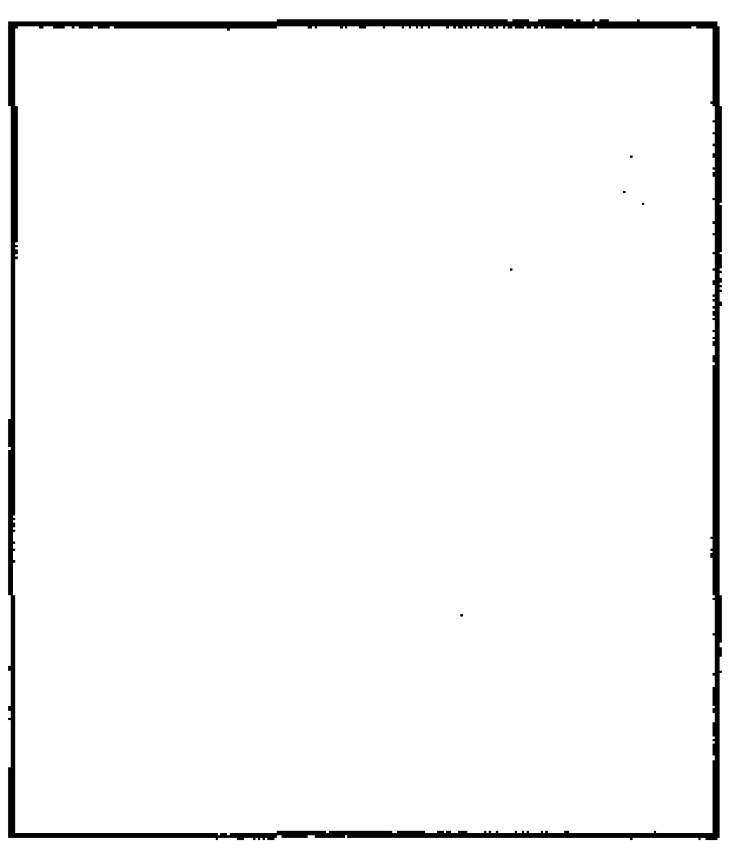


James T. Stewart
Pineville, Louisiana
6th District
Term expires 12/31/00

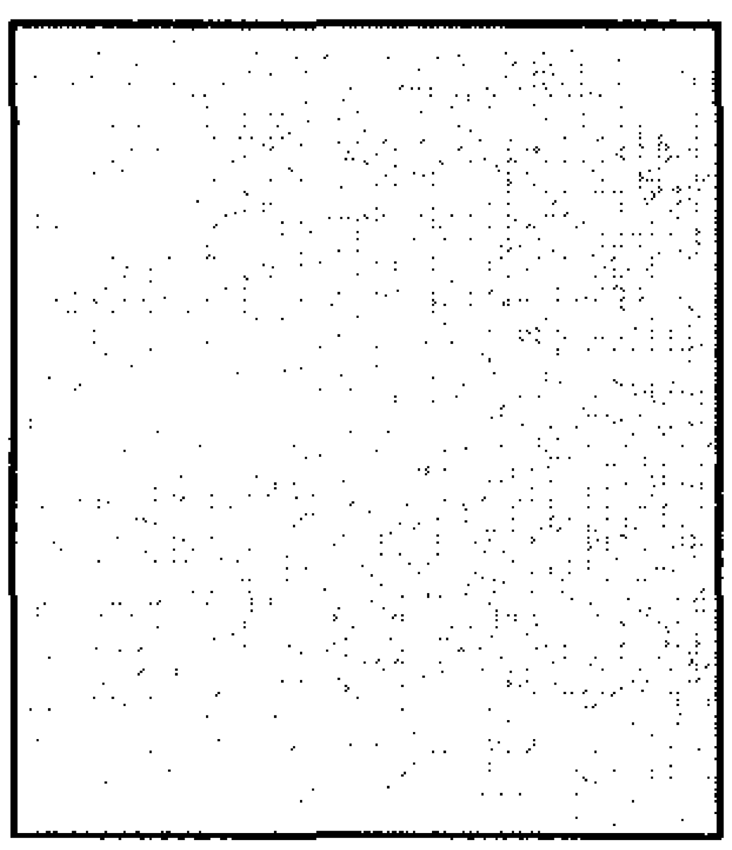


Sheryl R. Abshire
Lake Charles, Louisiana
7th District
Term expires 12/31/02

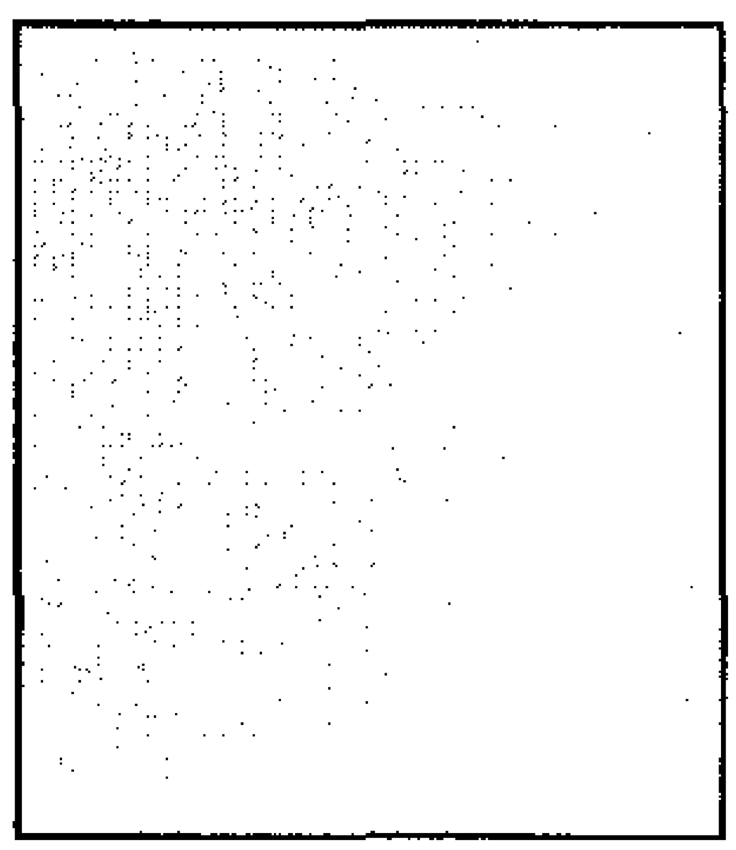
EX OFFICIO MEMBERS



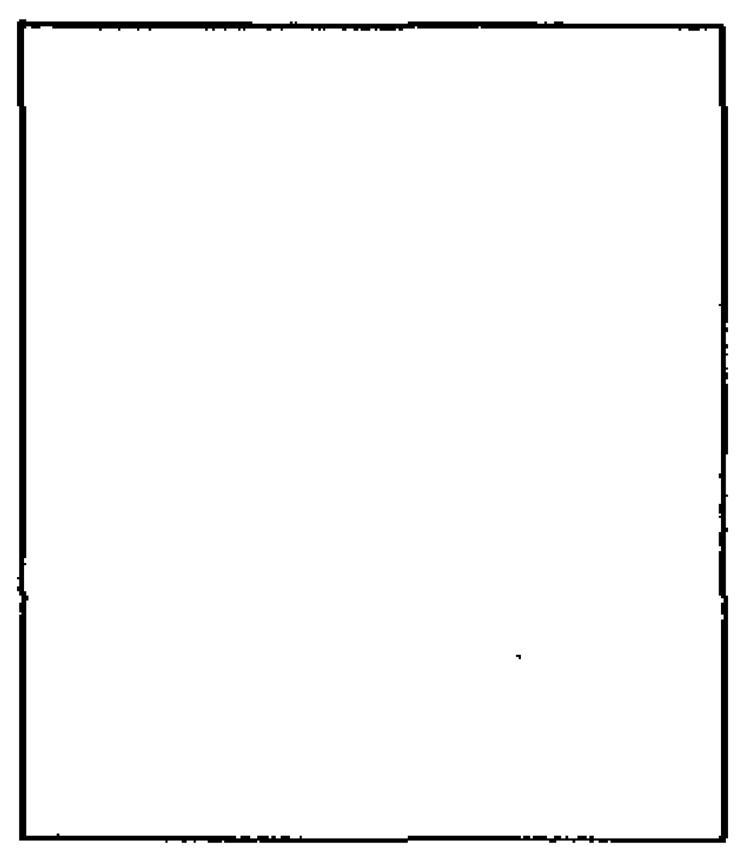
Honorable Kenneth A. Duncan
State Treasurer



Honorable Francis C. Heitmeier
Chairman, Senate Retirement Committee



Honorable Victor T. Stelly
Chairman, House Retirement Committee



Honorable Cecil J. Picard
State Superintendent of Education

ADMINISTRATIVE STAFF

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Assistant Director

Graig A. Luscombe
Assistant Director

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General Counsel

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Executive Services Assistant

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Sally Cook, CPA
Audit Manager

Maurice Winker
Information Systems Center Manager

Dan Bryant
Chief Investment Officer

Vacant
Retirement Benefits Administrator

Keith Kent
Administrative Manager

Debbie Cannon
Communications Director

Doris Dumas
Education Field Manager

Trudy Adrian
Human Resource Director

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Rhumbline Advisors
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Wellington Management Company, LLP
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Bankers Trust Company
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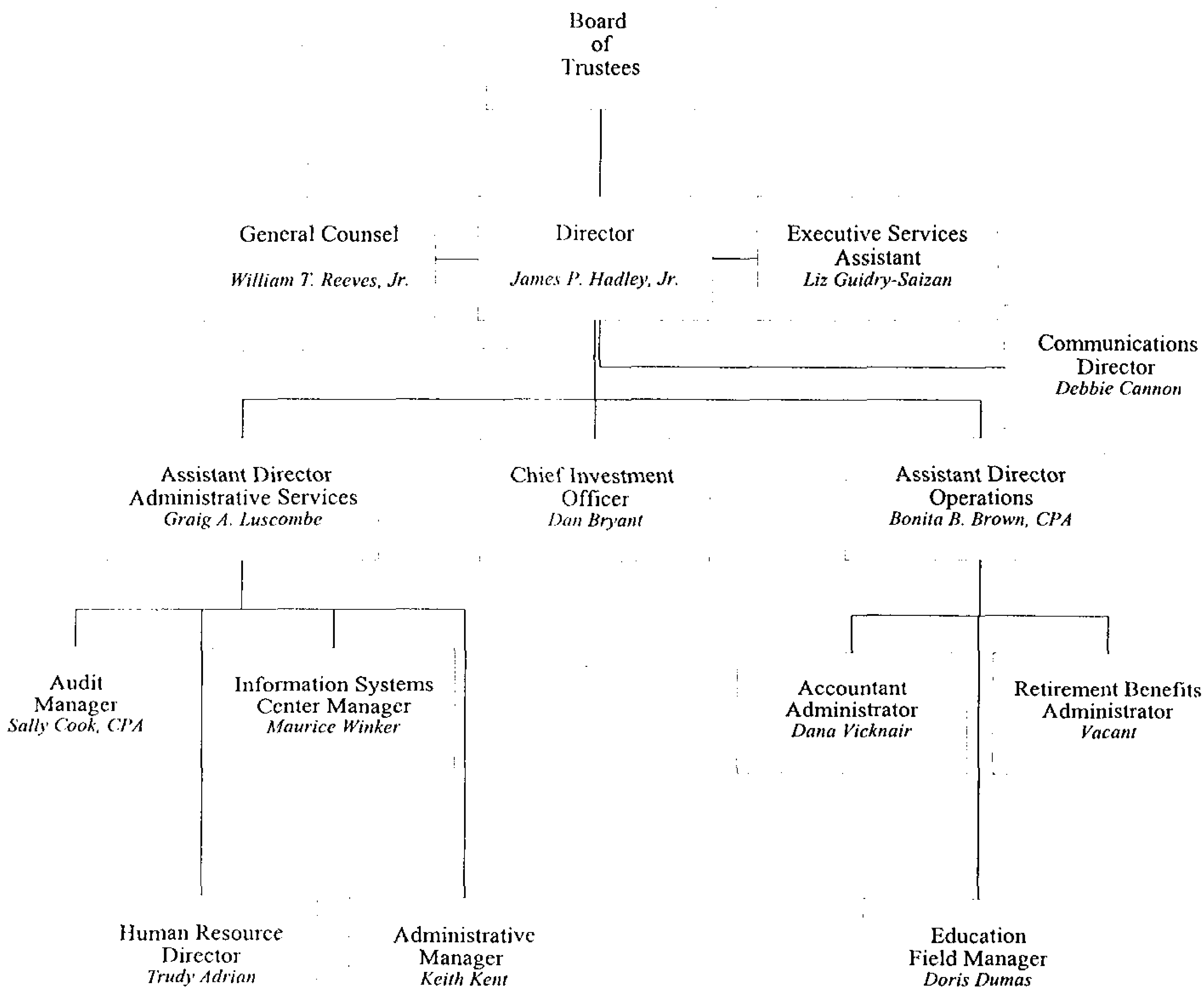
Dallas, TX 75201

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Public Pension Coordinating Council

Public Pension Principles

1998 Achievement Award

Presented to

Teachers' Retirement System of Louisiana

In recognition of instituting professional standards for public employee retirement systems as established by the Public Pension Principles.

Presented by the Public Pension Coordinating Council, a confederation of
Government Finance Officers Association (GFOA)
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Scott Engmann
Chairman

SUMMARY OF 1998-1999 LEGISLATIVE ACTS

The following is a brief synopsis of 1999 legislative action which affects members of Teachers' Retirement System of Louisiana.

A. TEACHERS' RETIREMENT SYSTEM OF LOUISIANA - TITLE 11

1. **Act 10 of 1998 [Amends and Reenacts R.S. 11:737(A) and 791(A)(2); Enacts R.S. 17:16 and repeals R.S. 11:739 and 791(A)(3), (4) and (5)]**

   This Act will allow a TRSL retiree who participated in the Deferred Retirement Option Plan (DROP) or who retired under the Option 5 provisions to return to work in covered employment and earn up to fifty percent of his retirement benefit if he has terminated employment for twenty-four consecutive months. However, if he had thirty years of service credit, he only needs to be terminated from employment for twelve consecutive months. If the retiree terminated employment prior to July 1, 1998, he is not required to be out of employment for any length of time. The retiree may also choose to suspend his benefit when he returns to work. If he chooses to earn up to the fifty percent limit, but earns more than he is allowed, TRSL will recoup the excess earnings by a dollar for dollar reduction of his benefits in the following twelve-month period. It repeals the prior laws which provided exceptions for DROP participants and Option 5 retirees to return to work. All DROP and Option 5 retirees must make contributions to TRSL when they return to work under this earnings limit or under a suspension of benefits. It also allows a retiree who did not participate in DROP or retire under the provisions of Option 5 to return to work as an unclassified teacher at the Department of Public Safety and Corrections in "Project Metamorphosis" without affecting their retirement benefit.

   (Effective July 1, 1998)

2. **Act 88 of 1998 [Amends and Reenacts R.S. 11:921, 924(2) and (5), 925, 927(B) and (C), 928, 929(D) and (E) and 931]**

   This Act will allow employees of the Board of Regents, Board of Trustees for State Colleges and Universities, Board of Supervisors of Louisiana State University and Agriculture and Mechanical College and Board of Supervisors of Southern University and Agricultural and Mechanical College, or their successors, and any other constitutionally established board which manages institutions of higher education to have the option of joining the Optional Retirement Plan (ORP). Such persons will have to pay any annual actuarial cost of participating in the ORP.

   (Effective July 1, 1998)

3. **Act 90 of 1998 [Amends and Reenacts R.S. 11:708(A)(1)**

   This Act allows a TRSL retiree who participated in the Deferred Retirement Option Plan (DROP) or who retired under the Option 5 provisions and who has terminated employment for twenty-four consecutive months to work in a school system where there is a properly certified teacher shortage without losing any of his retirement benefits. However, if he had thirty years of service credit, he only needs to be terminated from employment for twelve consecutive months. All regular retirees hired under the critical shortage provisions also have the same waiting period as the DROP/Option 5 retirees. The authority in this bill will expire in five years.

   (Effective July 1, 1998)

PLAN SUMMARY

Teachers' Retirement System of Louisiana (the "System") was established August 1, 1936, to provide members with a retirement allowance. On July 1, 1971, the Orleans Teachers' Retirement Fund merged into the Teachers' Retirement System of Louisiana. On January 1, 1979, members of the Louisiana State University Retirement System were transferred to both the Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System. On July 1, 1983, the Louisiana School Lunch Employees' Retirement System was merged into this System. The Louisiana School Lunch Employees' Retirement System contained two plans: Plan A - for members who are employed by the school system and who are not covered by the Social Security system; and Plan B - for members who are employed by the school system and who are covered by the Social Security system.

BENEFIT PROVISIONS

A. ELIGIBILITY REQUIREMENTS

The System provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits.

Those employees who meet the legal definition of a "teacher" are eligible for membership. Louisiana Revised Statutes 11:701(23)(a) states:

"... any employee of a city or parish school board, parish or city superintendent, or assistant superintendent of public schools, president, vice president, dean, teacher, guidance counselor, or an unclassified employee at any state college or university or any vocational-technical school or institution or special school under the control of the State Board of Elementary and Secondary Education, or any educational institution supported by and under the control of the state or any parish school board, full-time unclassified employees of boards created by Article VIII of the Constitution of Louisiana who became employed on or after July 1, 1991, provided that such persons employed on and after July 1, 1991, who are members of the Louisiana State Employees' Retirement System shall remain members of the Louisiana State Employees' Retirement System, the president and staff of the Louisiana Federation of Teachers who were members of the Teachers' Retirement System prior to such employment, the president or secretary and staff of the Louisiana Association of Educators, employees of the Teachers' Retirement System of Louisiana, provided that persons employed by the Teachers' Retirement System on and after July 1, 1991, who are members of the Louisiana State Employees' Retirement System shall remain members of the Louisiana State Employees' Retirement System, the director and staff of the Associated Professional Educators of Louisiana, and the secretary and staff of the Louisiana High School Athletic Association. For purposes hereof, staff personnel involved in the administration of a health and welfare program for the benefit of employees of a school board, which program is coordinated by the school board and a teacher association, and which staff personnel are so designated by the school board, shall be considered to be employees of the school board provided that such employees were previously members of this system. In all cases of doubt, the board of trustees shall determine whether any person is a teacher within the scope of the definition herein set forth."

B. RETIREMENT BENEFITS

A member who retires at or after a certain minimum age and years of service is entitled to a monthly retirement benefit payable for life or the joint lives of the member and beneficiary. The benefit formula to calculate the benefit is based on a percentage of the member's average salary for the thirty-six highest successive months.

TEACHERS' REGULAR PLAN

Service retirements are granted when the following eligibility requirements are met:

Years Service	Minimum Age	Formula Percentage
10	60	2%
20	Any Age	2%
25	55	2-1/2%
30	Any Age	2-1/2%
20	65	2-1/2%

PLAN SUMMARY (Continued)

TEACHERS' PLAN A

Years Service	Minimum Age	Formula Percentage
10*	60	3%
25	55	3%
30	Any Age	3%

*Less than ten years at age seventy if member entered School Lunch Employees' Retirement System when parish withdrew from Social Security.

Members of Plan A, who did not contribute to retirement until their employing agencies withdrew from Social Security coverage, will receive one percent for those years plus $24 per year for each year that retirement was not paid and three percent for each year after employing agencies withdrew from Social Security coverage and retirement contributions were paid on the member's salary.

TEACHERS' PLAN B

Years Service	Minimum Age	Formula Percentage
10	60	2%
30	55	2%

C. DEFERRED RETIREMENT

Any member with service credit of ten or more years may cease covered employment, leave the accumulated contributions in the System and, upon reaching age sixty, receive a retirement allowance based on the credit he had at the time he ceased covered employment.

D. DISABILITY BENEFITS

A member is eligible for disability retirement after five years of creditable service and certification of disability by the State Medical Disability Board.

TEACHERS' REGULAR PLAN

(1) A member shall receive a retirement allowance upon retirement for disability. A factor of two and one-half percent shall be used in the computation of the disability benefit. The maximum disability benefit cannot exceed fifty percent of the average final compensation. However, the minimum disability benefit cannot be less than forty percent of the state minimum teaching salary or seventy-five percent of compensation, whichever is less.

(2) No unused accumulated sick or annual leave shall be used in the computation of disability allowance unless the member was eligible to receive a service retirement allowance at the time of disability retirement.

In addition to the benefits provided under Subsection A of this Section, if a disability retiree has a dependent minor child, he shall be paid an added benefit equal to fifty percent of his disability benefit for so long as he has a dependent minor child, and provided that the total benefit payable, including the minor child benefit, does not exceed seventy-five percent of average final compensation.

TEACHERS' PLAN A

The eligibility requirements and provisions previously stated regarding disability benefits for Teachers' Regular Plan members also apply to Teachers' Plan A members except for percentages used in the formula to calculate the benefit. A member of Plan A receives one percent in the formula for the service credit received for years when he paid Social Security only. He receives three percent for each of the other years of service credit.

PLAN SUMMARY (Continued)

TEACHERS' PLAN B

A normal retirement allowance is granted, if eligible, otherwise the formula is two percent of average final compensation times years of creditable service, provided that amount is not less than thirty percent nor more than seventy-five percent of average final compensation, in the event no optional selection is made by the member.

E. SURVIVOR BENEFIT

Survivor benefits are provided under all three plans for the deceased member's spouse and minor children when certain requirements such as years of service, marital status, etc., are met. If a member dies, even after retirement, eligible minor children shall receive benefits.

TAX SHELTERING OF CONTRIBUTIONS

On July 1, 1988, Teachers' Retirement System of Louisiana implemented a tax sheltering plan whereby the employers picked up members' contributions by designating such contributions as employer contributions. These contributions are excluded from the gross income of the members until the time of refund, death, or retirement. The tax sheltered plan complies with requirements of Section 414(h) of the Internal Revenue Code.

OPTIONAL RETIREMENT PLAN

In 1989, the Louisiana Legislature established an Optional Retirement Plan for academic employees of public institutions of higher education who are eligible for membership in the Teachers' Retirement System of Louisiana.

The Optional Retirement Plan is a defined contribution plan which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participants. Employees in eligible positions of higher education can make an irrevocable election to participate in the Optional Retirement Plan rather than the Teachers' Retirement System of Louisiana and purchase annuity contracts for benefits payable at retirement.

Louisiana Revised Statutes 11:921 through 11:931 required the Board of Trustees of Teachers' Retirement System of Louisiana to implement the Optional Retirement Plan by March 1, 1990, and the public institutions of higher education to implement the Optional Retirement Plan on July 1, 1990.

In accordance with the statutes, the Board of Trustees selected three carriers with whom the participants may invest their contributions. The three companies selected were Aetna Life Insurance and Annuity Company, Teachers Insurance and Annuity Association-College Retirement Equities Fund, and The Variable Annuity Life Insurance Company.

DEFERRED RETIREMENT OPTION PLAN

On July 1, 1992, the Deferred Retirement Option Plan became effective. This plan which is described on page 95 of this report is another alternative plan of retirement. Withdrawals from the plan are subject to certain provisions of the Internal Revenue Code. Distributions from the plan are taxable to the recipient when received. No distributions can be made until the member terminates employment.

OPTION 5

The Option 5 program became effective January 1, 1996. Under this program, a retiring member who had not participated in the Deferred Retirement Option Plan could select an Option 5 alternative. This alternative provides the retiree with a one-time payment of up to thirty-six months of a regular maximum monthly retirement benefit in addition to a reduced regular monthly retirement benefit payable for life.

FINANCIAL SECTION

- **Independent Auditor's Report**
- **General Purpose Financial Statements**
- **Required Supplementary Information**
- **Supporting Schedules**

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(1896-1977)
JOHN F. WAYMOUTH, C.P.A.
(1902-1987)
HOWARD V. CARROLL, C.P.A.
(1909-1993)

WARREN C. BER, C.P.A.
RETIRED
ROBERT J. ZERNOTT, C.P.A.
RETIRED
CARL L. HANDCOCK, C.P.A.
RETIRED

August 31, 1999

Independent Auditor's Report

Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of Plan net assets of the

Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

a component unit of the State of Louisiana, as of June 30, 1999 and June 30, 1998, and the related statement of changes in Plan net assets for the years then ended. These financial statements are the responsibility of the Teachers' Retirement System of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Teachers' Retirement System of Louisiana as of June 30, 1999 and June 30, 1998, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 31, 1999 on our consideration of the Teachers' Retirement System of Louisiana's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

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

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Supporting Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Teachers' Retirement System of Louisiana. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Yours truly,

Hawthorne, Waymouth & Carroll, L.L.P.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
AS OF JUNE 30, 1999 AND 1998

	1999	1998
Assets		
Cash and cash equivalents	$ 26,814,445	$ 10,664,180
Receivables		
Member contributions	38,523,001	36,450,281
Employer contributions	68,730,284	67,099,754
ORP contributions retained	2,016,327	1,804,612
Pending trades	77,063,815	116,912,814
Accrued interest and dividends	66,200,600	69,519,425
Other receivables	1,543,783	969,344
Total receivables	254,077,810	292,756,230
Investments, at fair value		
Domestic bonds	1,656,281,321	1,621,609,160
International bonds	1,119,040,286	1,062,873,639
Domestic common and preferred stocks	5,351,480,155	5,202,408,728
International common and preferred stocks	1,465,452,007	1,422,747,827
Domestic short-term investments	444,791,846	900,788,443
International short-term investments	78,369,738	9,434,521
Real estate investment trust	258,599,908	237,350,422
Private equity investments	825,050,803	364,199,600
Collateral held under domestic securities lending program	600,370,800	227,003,113
Collateral held under international securities lending program	784,220,679	817,311,989
Total investments	12,583,657,543	11,865,727,442
Building, at cost, net of accumulated depreciation of $1,389,593 and $1,265,665, respectively	3,484,736	3,573,741
Equipment, furniture and fixtures, at cost, net of accumulated depreciation of $1,508,818 and $1,347,298, respectively	752,034	717,477
Land	889,816	889,816
Total assets	12,869,676,384	12,174,328,886
Liabilities		
Accounts payable	9,891,518	13,294,573
Benefits payable	1,301,052	617,725
Refunds payable	3,180,968	2,949,271
Pending trades payable	164,053,534	664,727,380
Other liabilities	689,189	507,775
Obligations under domestic securities lending program	600,370,800	227,003,113
Obligations under international securities lending program	784,220,679	817,311,989
Total liabilities	1,563,707,740	1,726,411,826
Net assets held in trust for pension benefits (A schedule of funding progress for the plan is presented on page 38.)	$11,305,968,644	$10,447,917,060

See accompanying notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Additions		
Contributions		
Member contributions	$ 216,102,491	$ 208,275,106
Employer contributions	442,793,009	422,452,766
Total contributions	658,895,500	630,727,872
ORP contributions retained	30,017,065	27,318,857
Investment income:		
From investment activities		
Net appreciation (depreciation) in fair value of domestic investments	601,181,137	1,295,107,488
Net appreciation (depreciation) in fair value of international investments	35,257,940	44,441,461
Domestic interest	139,234,846	140,765,294
International interest	80,464,211	62,244,912
Domestic dividends	58,274,331	55,091,419
International dividends	23,424,136	23,044,305
Real estate income	4,267,099	8,942,761
Private equity income	11,785,474	429,743
Miscellaneous foreign income	0	55,265
Commission rebate income	1,812,934	1,141,811
Total investment income	955,702,108	1,631,264,459
Investment activity expenses:		
Domestic investment expenses	(6,268,112)	(6,692,589)
International investment expenses	(1,896,400)	(2,336,368)
Custodian fees	(697,344)	(1,293,672)
Advisor fees	(20,167,356)	(19,719,262)
Total investment expenses	(29,029,212)	(30,041,891)
Net income from investing activities	926,672,896	1,601,222,568
From securities lending activities		
Securities lending income	59,035,769	75,302,913
Securities lending expenses:		
Fixed	(14,357,718)	(32,416,970)
Equity	(197,298)	(373,580)
International	(39,214,613)	(36,993,442)
Total securities lending activities expenses	(53,769,629)	(69,783,992)
Net income from securities lending activities	5,266,140	5,518,921
Total net investment income	931,939,036	1,606,741,489
Other operating revenues	811,363	741,679
Total additions	1,621,662,964	2,265,529,897
Deductions		
Retirement benefits	735,328,349	664,147,264
Refunds of contributions	21,238,599	21,360,841
Administrative expenses	6,613,935	6,173,891
Depreciation expense	430,497	531,364
Total deductions	763,611,380	692,213,360
Net increase	858,051,584	1,573,316,537
Net assets held in trust for pension benefits		
Beginning of year	10,447,917,060	8,874,600,523
End of year	$11,305,968,644	$10,447,917,060

See accompanying notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

1. MEMBERSHIP AND ADMINISTRATION

The Teachers' Retirement System of Louisiana (the "System") is the administrator of a cost sharing multiple-employer defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a "teacher". The System is considered part of the State of Louisiana's financial reporting entity and is included in the State's financial reports as a pension trust fund. The State of Louisiana issues general purpose financial statements which include the activities in the accompanying financial statements. The accompanying statements present information only as to transactions of the program of the Teachers' Retirement System of Louisiana, as authorized by Louisiana Revised Statutes.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

The Commission on Public Retirement reviews administration, benefits, investments, and funding of the public retirement systems.

The operating budget of the System is subject only to budgetary oversight by the legislature.

Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least thirty days prior to the beginning of each regular session.

The Legislative Auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed CPA for each audit.

In June 1991, the Governmental Accounting Standards Board issued Statement No. 14, "The Financial Reporting Entity". The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether either they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens on the System. The System determined there are no organizations that are fiscally dependent on it and there are no component units of the System.

At June 30, 1999 and 1998, the number of participating employers was:

	1999	1998
School Boards	66	66
Colleges and Universities	19	19
Vocational Technical Schools	43	52
State Agencies	31	40
Other	33	40
Total	192	217

Membership of this plan consisted of the following at June 30, 1999 and 1998, the dates of the latest actuarial valuations:

	1999	1998
Retirees and beneficiaries receiving benefits	43,955	42,445
Deferred retirement option plan participants	3,683	3,195
Terminated vested employees entitled to but not yet receiving benefits	597	495
Terminated nonvested employees who have not withdrawn contributions	6,493	6,963
Current active employees:		
Vested	18,882	21,432
Nonvested	66,537	64,340
Post deferred retirement option plan participants	1,710	1,421
Total	141,857	140,291

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

The System consists of three membership plans which require mandatory enrollment for all employees that meet the following eligibility requirements:

TRSL Regular Plan - employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statutes 11:701(23)(a).

TRSL Plan A - employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.

TRSL Plan B - employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are really one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, and disabilities after 5 years provided the member is in active service at the time of filing application for disability retirement. The formula for annual maximum retirement benefits is 2 or 2-1/2 percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary. Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded. For a more detailed description of plan benefits, refer to the Plan Summary on page 19 of this report.

In 1989, the state legislature established an Optional Retirement Plan (ORP) for academic employees of public institutions of higher education who are eligible for membership in the Teachers' Retirement System of Louisiana. The ORP is a defined contribution pension plan which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participants. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than the Teachers' Retirement System of Louisiana and purchase annuity contracts for benefits payable at retirement. Louisiana Revised Statutes 11:921 through 11:931 required the Board of Trustees of Teachers' Retirement System of Louisiana to implement the Optional Retirement Plan no later than March 1, 1990 and the public institutions of higher education to implement their Optional Retirement Plan on July 1, 1990. The 1995 Legislative Session amended the ORP to allow ORP participants that assume positions other than as employees of a public institution of higher education in positions covered by Teachers' Retirement System of Louisiana to continue to participate in the ORP. The number of participating employers is currently 67. Current membership in the ORP is 11,550 members.

In accordance with Louisiana Revised Statutes 11:927(B), the System retains 9.471 percent of the 16.5 percent ORP employer contributions. The amount transferred to the carriers is the employer's portion of the normal cost contribution which has been determined by the Public Retirement Systems' Actuarial Committee to be 7.029 percent.

The member's contributions (8 percent) are transferred to the carriers in entirety less 0.1 percent which has been established by the Board of Trustees to cover the cost of administration and maintenance of the Optional Retirement Plan. The administrative fee may be adjusted by the Board should the cost of administering the plan increase in the future.

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992 with the passage of Louisiana Revised Statutes 11:786 by the state legislature. When a member enters DROP, his status changes from active member to retiree even though he continues to work at his regular job and draws his regular salary. In the original DROP, participation in the program could not exceed two years; however, the DROP was modified on January 1, 1994 to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. Interest at a rate equal to the realized return on the System's portfolio for that plan year as certified by the System actuary in his actuarial report, less one-half of one percent will be credited after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Effective January 1, 1996, the state legislature authorized the Teachers' Retirement System of Louisiana to establish an Option 5 program. Option 5 is available to members who have not participated in the DROP and who select the maximum benefit, option 2 benefit, option 3 benefit, or option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The Option 5 program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from the Option 5 account are made in accordance with the DROP account, Louisiana Revised Statutes 11:789(A)(1).

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

1. BASIS OF ACCOUNTING

Teachers' Retirement System of Louisiana's financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recorded in the period the related salaries are earned. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis. State General Fund appropriations for supplemental benefits are recognized when drawn from the State Treasury. Administrative costs are funded through investment earnings and are subject to budgetary control by the Board of Trustees. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

2. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. METHOD USED TO VALUE INVESTMENTS

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair Value is the market value on the last business day of the Fiscal Year. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported as estimated fair value.

Investments and financial statements of this System are based on fair market values which are susceptible to daily market changes. These changes may cause material variations in the unrealized appreciation (depreciation) of investments. Investment decisions and policies are not based on daily changes since the investments are long-term in nature.

Other than investments in the U.S. government and U.S. government obligations, the System has no investments of more than five percent of the portfolio invested in any one corporation nor does the System hold more than five percent of any corporation's outstanding stock.

4. PROPERTY AND EQUIPMENT

Land, building, equipment, and furniture are carried at historical cost. The building and related land are jointly owned by Teachers' Retirement System of Louisiana and Louisiana State Employees' Retirement System. Depreciation is computed using the straight-line method based upon useful lives of 40 years for the building and 3 to 10 years for equipment and furniture.

Teachers' Retirement System of Louisiana is a 50 percent co-owner of the Louisiana Retirement Systems building and related land with the Louisiana State Employees' Retirement System, and has the following operating leases with organizations that are included within the State of Louisiana as reporting entities:

Municipal Police Employees' Retirement System
Municipal Fire and Police Civil Service
Ethics Commission

5. BUDGETARY ACCOUNTING

Self-generated revenues are budgeted for administrative expenses. State General Funds are appropriated for the purpose of paying supplementary benefits to retirees. The budgetary information for the years ended June 30, 1999 and 1998 includes the original Board of Trustees approved budget and appropriated State General Funds as well as subsequent amendments as follows:

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1999	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	$5,505,121	$29,114,537	$34,619,658
Amendments:			
Operating services		34,256	34,256
Acquisitions-capital outlays		146,000	146,000
	$5,505,121	$29,294,793	$34,799,914

1998	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	$5,436,370	$28,722,832	$34,159,202
Amendments:			
Salaries		(140,000)	(140,000)
Travel		(1,440)	(1,440)
Operating services		109,000	109,000
Supplies		38,940	38,940
Professional services		12,550	12,550
Acquisitions-capital outlays		55,336	55,336
	$5,436,370	$28,797,218	$34,233,588

6. ACCUMULATED LEAVE

The employees of the System accumulate unlimited amounts of vacation and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused vacation leave of up to 300 hours is paid to employees at the employees' rate of pay. Upon retirement, unused vacation leave in excess of 300 hours and sick leave are credited as earned service in computing retirement benefits. The liability for accrued vacation leave of up to 300 hours is included in Other Liabilities.

C. CONTRIBUTIONS

1. MEMBER CONTRIBUTIONS

Member contributions to the System, based on which plan the member is enrolled, are established by Louisiana Revised Statutes 11:884(A)(1), and rates are established by the Public Retirement Systems' Actuarial Committee. The following groups of employees contributed the percentage of their salaries as shown below for the years ended June 30, 1999 and 1998.

Plan	% of Earned Compensation	
	1999	1998
TRSL Regular Plan	8.0%	8.0%
TRSL Plan A	9.1%	9.1%
TRSL Plan B	5.0%	5.0%

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. EMPLOYER CONTRIBUTIONS

Employer contribution rates are established under Louisiana Revised Statutes 11:885, by the Public Retirement Systems' Actuarial Committee. Rates for the years ended June 30, 1999 and 1998 are as follows.

Plan	% of Earned Compensation	
	1999	1998
TRSL Regular Plan	16.5%	16.4%
TRSL Plan A	16.5%	16.4%
TRSL Plan B	16.5%	16.4%

Employer contributions are collected from the employing agencies throughout the state and from the proceeds of taxes collected in the parishes and remitted by the respective parishes' sheriff's office.

D. CASH AND CASH EQUIVALENTS, AND INVESTMENTS

1. CASH AND CASH EQUIVALENTS

At June 30, 1999, the carrying amount of the System's cash and cash equivalents was $26,814,445 and the bank balance was $27,770,570, which was covered by federal depository insurance and/or by collateral held by the agents in the System's name. At June 30, 1998, the carrying amount of the System's cash and cash equivalents was $10,664,180 and the bank balance was $11,747,305, which was covered by federal depository insurance and/or by collateral held by the agents in the System's name.

2. INVESTMENTS

All investments of the System are registered in the System's name, or held by the custodial bank or its intermediaries in the System's name. The System's investments at June 30, 1999, are categorized on the following page to give an indication of the level of risk assumed by the entity. 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 counterparty'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 counterparty or its trust department or agent but not in the System's name. The categorization for the investments held at June 30, 1998, was the same as that shown on the following page for investments held at June 30, 1999:

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

INVESTMENTS	CATEGORY 1	2	3	JUNE 30, 1999 CARRYING AMOUNT (FAIR VALUE)	JUNE 30, 1998 CARRYING AMOUNT (FAIR VALUE)
Investments---Categorized					
Domestic bonds					
Not on securities loan	$1,390,910,521			$ 1,390,910,521	$ 1,404,606,047
Domestic common and preferred stocks					
Not on securities loan	4,069,950,856			4,069,950,856	4,111,546,139
Collateral or letters of credit	954,234,298			954,234,298	1,081,122,576
International bonds					
Not on securities loan	596,978,050			596,978,050	519,102,490
International common and preferred stocks					
Not on securities loan	1,226,510,264			1,226,510,264	1,162,996,673
Short-term investments	0			0	54,036,233
Subtotal	$8,238,583,989	$0	$0	8,238,583,989	8,333,410,158
Investments---Not Categorized					
Investments held by brokers-dealers under securities loans					
Domestic bonds				265,370,800	217,003,113
Domestic common stock				327,295,001	9,740,013
International bonds				522,062,236	543,771,149
International common stock				238,941,743	259,751,154
Domestic money market funds				444,791,846	846,752,210
International money market funds				78,369,738	9,434,521
Real estate investment trusts				258,599,908	237,350,422
Private equity investments				825,050,803	364,199,600
Collateral held under securities lending program				1,384,591,479	1,044,315,102
Total				$12,583,657,543	$11,865,727,442

Louisiana Revised Statutes 11:263 authorizes the Board of Trustees to exercise the "prudent man" rule in managing the investments of the System and limits the investment in equities to 65 percent of the investment portfolio.

The domestic and international investment advisors, employed by the Board of Trustees to manage the investments of the System, were given a policy statement which established a real return objective of 3.9 percent above the Consumer Price Index.

In addition to publicly traded equities, the System has entered into limited partnership agreements with several different strategies that invest in real estate properties, domestic private equity, international private equity, and mezzanine debt. By making these investments, Teachers' Retirement System of Louisiana is seeking to attain investment returns of 15 to 30% over a 10 to 12 year time frame. The total commitments as of June 30, 1999 were $2,025,000,000 versus $1,400,000,000 as of June 30, 1998. The total amounts funded as of June 30, 1999 were $994,136,893 versus $558,150,410 as of June 30, 1998.

E. SECURITIES LENDING TRANSACTIONS

State statutes and Board of Trustees policies permit the System to use the assets of the plan to enter into securities lending transactions-loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's domestic managers lend the plan's securities for cash collateral of 100 percent or other securities collateral of 102 percent. The System's global managers lend the plan's securities for cash collateral or other securities collateral of 105 percent. Securities on loan at year-end are presented as uncategorized in the preceding schedule of custodial credit risk. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

All securities loans can be terminated on demand by either the System or the borrower. The reinvestment of cash collateral is done on an overnight basis or to term. In these instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102 percent of the cash invested.

F. DERIVATIVES

During fiscal years 1999 and 1998, the System invested in asset/liability based derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, and futures. The System reviews market values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates.

1. INTEREST-ONLY STRIPS AND PRINCIPAL-ONLY STRIPS

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgages which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in market value.

2. COLLATERALIZED MORTGAGE OBLIGATIONS

Collateralized mortgage obligations (CMO's) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others which can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

3. OPTION ON FUTURES

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

4. FORWARD FOREIGN EXCHANGE CONTRACTS

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FUTURES

A futures contract is an agreement for delayed delivery of securities, currency, commodities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

The System buys and sells futures contracts for security hedging. Should exchange rates move unexpectedly, the System may not achieve the anticipated benefits of the futures contract and may realize a loss.

G. CONTINGENT LIABILITIES

The System is a litigate in several lawsuits. Management of the System, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

H. REQUIRED SUPPLEMENTARY INFORMATION

In accordance with GASB 25, required supplementary information is presented on pages 38 through 41.

REQUIRED SUPPLEMENTARY INFORMATION

- **Schedule of Funding Progress**
- **Schedule of Employer Contributions**
- **Notes to the Schedules of Trend Information**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)* (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/94	$5,699,645	$ 9,928,474	$4,228,829	57.4%	$2,198,137	192.4%
06/30/95	6,275,335	10,570,306	4,294,971	59.4%	2,199,137	195.3%
06/30/96	7,055,144	11,232,762	4,177,618	62.8%	2,254,304	185.3%
06/30/97	7,752,591	12,077,642	4,325,051	64.2%	2,337,574	185.0%
06/30/98	9,071,749	13,185,190	4,113,441	68.8%	2,485,058	165.5%
06/30/99	10,092,093	13,913,416	3,821,323	72.5%	2,569,479	148.7%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by $728,225,509 from June 30, 1998 to June 30, 1999. There was a net experience gain of $323,105,520 after allocating $253,206,466 of excess investment income to the Experience Account in Accordance with Act 1031. A COLA was granted to retirees on July 1, 1999 which reduced the Experience Account $83,840,783.

*UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes Mineral Revenue Audit and Settlement receipts which is included in the Reconciliation of Unfunded Actuarial Liabilities on page 74.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Employer Contributions		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
1994	382,680,775	96.2%
1995	391,687,201	100.8%
1996	401,039,317	98.4%
1997	412,712,131	99.5%
1998	458,498,592	101.7%
1999	452,835,560	108.5%

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULES OF TREND INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 1999
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset Valuation method	4-year weighted market average
Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases*	5.75% → 8.95%
Cost-of-living adjustments	None

*Includes inflation at 3%

REQUIRED SUPPLEMENTARY INFORMATION
YEAR 2000 ISSUE
(Unaudited)

The Governmental Accounting Standards Board (GASB) issued GASB Technical Bulletin No. 98-1 in October 1998 and Technical Bulletin 99-1 in March 1999, in which the Year 2000 date problem was identified as affecting a wide range of governmental activities that could have a significant impact on an entity's future financial resources. Responding to this concern, GASB has directed government entities to disclose information regarding the year 2000 issue as it relates to their organization, and any significant amount of resources committed to make computer systems and other electronic equipment year 2000 compliant. Disclosure of this information is required for financial statements on which the auditor's report is dated after October 31, 1998. The provisions terminate for financial statements for periods ending after December 31, 1999 unless systems and other equipment are not year 2000 compliant as of the balance sheet date.

GASB has identified four stages necessary to implement a year 2000 compliant system.

Awareness Stage - The organization establishes a budget and project plan for dealing with the year 2000 issue.

The Retirement System was aware of the year 2000 issue when it developed its in-house applications in 1982-1983. Staff participated in seminars that detailed the year 2000 compliance problem. Information was obtained from vendors, consultants, support organizations and persons contracted with TRSL. Through these sources, the System was provided the references and knowledge to satisfactorily establish a plan to address the year 2000 issue as it relates to our mission of providing services and benefits to our membership.

Assessment Stage - This stage is where the organization begins the actual process of identifying all of its systems and individual component systems for year 2000 compliance. An organization may choose to identify only mission-critical systems and equipment critical to conducting operations.

TRSL's in-house applications were developed with the year 2000 in mind and its code was written to accommodate a four-digit year. Some exceptions to this were external interfaces that contained two-digit years. Hardware and software systems required the most recent releases for year 2000 compliance. Obsolete personal computers needed replacing with the latest models.

Remediation Stage - During this stage an organization actually makes changes to the systems and equipment.

The Retirement System has virtually completed its year 2000 compliance project. As of April 1999, all in-house applications have been converted and are year 2000 compliant. As of June 30, 1999, all hardware and software systems have been upgraded to the current year 2000 compliant releases. The remaining phase of the project is the replacement of the remaining obsolete personal computers. The System expects to have the remaining obsolete personal computers replaced with the latest year 2000 compliant models by November 1999. Cost should not exceed $54,000. (This cost is a part of our normal equipment refreshment plan.)

Validation/Testing Stage - This stage is when the organization validates and tests the changes made during the conversion process. Test data is processed and reviewed. If problems arise, corrections are made and the data is retested.

The System's in-house applications have been tested using test data and no problems have been found that would disrupt our mission critical applications such as retirement payroll processing and member payroll data processing. The need for the testing of systems and personal computers has been minimized. Hardware and software systems have been upgraded to the current 2000 compliant releases and personal computers are being replaced with the latest models on the market. We have obtained written certification from external vendors, whose applications are critical to the Retirement System's overall mission of providing benefits and services to our membership, in regards to their year 2000 readiness.

TRSL's normal equipment refreshment plan has provided the means to bring all hardware and software systems, software applications, and personal computers into compliance for year 2000. A minimal amount of overtime has been utilized by the MIS staff to ensure timely conversion of all systems. The System has established a year 2000 contingency fund of $10,000 as a precautionary measure in the 1999-2000 budget.

Even thought TRSL has adequately addressed the year 2000 issue with conversion of the in-house applications, the upgrades to the software, and the upgrades to the equipment, there can be no assurance that unforeseen difficulties will not arise.

SUPPORTING SCHEDULES

- Schedules of Budgetary Expenses
- Schedules of Administrative Expenses
- Schedules of Investment Expenses
- Schedules of Board Compensation
- Schedules of Building Maintenance Expenses and Capital Outlays
- Schedules of Payments to Consultants

SCHEDULES OF BUDGETARY EXPENSES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999			1998		
	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
Revenues:						
Appropriated:						
State general fund	$ 5,505,121	$ 5,488,751	$ (16,370)	$ 5,436,370	$ 5,409,127	$ (27,243)
Self-generated	29,294,793	27,854,685	(1,440,108)	28,797,218	27,556,014	(1,241,204)
Total revenues	34,799,914	33,343,436	(1,456,478)	34,233,588	32,965,141	(1,268,447)
Expenses:						
Salaries	4,626,764	4,231,389	395,375	3,969,039	3,914,624	54,415
Travel expenses	314,140	205,563	108,577	247,509	169,543	77,966
Operating services	1,945,549	1,796,285	149,264	1,804,092	1,625,413	178,679
Supplies	151,078	121,019	30,059	138,092	119,398	18,694
Professional services	362,360	198,467	163,893	356,900	257,625	99,275
Custodian fees	1,046,000	697,344	348,656	1,800,000	1,293,672	506,328
Advisor fees	20,168,000	20,167,356	644	20,000,000	19,719,262	280,738
Other charges - state general fund	5,505,121	5,488,751	16,370	5,436,370	5,409,127	27,243
Other charges - self-generated	62,000	35,273	26,727	60,000	37,752	22,248
Interagency transfers	60,775	25,939	34,836	58,640	49,536	9,104
Total expenses	34,241,787	32,967,386	1,274,401	33,870,642	32,595,952	1,274,690
Capital outlays	558,127	376,050	182,077	362,946	369,189	(6,243)
Total expenses and capital outlays	34,799,914	33,343,436	1,456,478	34,233,588	32,965,141	1,268,447
Excess of revenues over expenses and capital outlays	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

NOTE: Custodian and advisor fees are listed on the Schedule of Investment Expenses. All other expenses, with the exception of Other Charges-State General Fund, are listed on the Schedule of Administrative Expenses.

SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Salaries:		
Salaries - regular	$3,394,557	$3,153,167
Salaries - overtime	25,725	21,000
Salaries - termination	27,841	15,053
Other compensation - wages: temporary	10,633	0
Other compensation - student labor	33,417	23,086
Other compensation - board members	20,700	18,825
Related benefits	718,516	683,493
Total salaries	4,231,389	3,914,624
Travel expenses	205,563	169,543
Operating services:		
Advertising	3,348	10,583
Printing	143,344	118,395
Insurance	57,760	69,488
Automotive repairs	2,336	2,509
Maintenance - equipment	284,397	156,696
Rentals - building	480,636	464,151
Rentals - equipment	310,793	285,695
Rentals - off-site storage	14,977	10,708
Dues and subscriptions	27,456	21,313
Telephone	75,128	76,500
Postage	276,547	298,897
Bank service charges	99,212	101,832
Overtime heating and air conditioning	2,955	1,433
Mail services	16,992	6,875
Miscellaneous	404	338
Total operating services	1,796,285	1,625,413
Supplies	121,019	119,398
Professional services:		
Accounting and auditing	32,900	31,519
Management and consulting	2,000	24,638
Legal	83,855	123,799
Medical	18,072	17,215
Actuarial	51,660	49,200
Professional travel	1,890	992
Investigative services	6,274	9,195
Design/annual report	722	857
Deaf interpreter services	1,094	210
Total professional services	198,467	257,625
Other charges:		
Election expense	14,081	23,488
Educational expense	18,217	12,638
Recruitment expense	2,846	1,188
System condolence fund	64	327
Miscellaneous	65	111
Total other charges	35,273	37,752
Interagency transfers:		
Secretary of State - microfilm	13,274	38,074
Division of Administration - support services	0	538
Department of Civil Service	10,960	10,031
State Treasurer - independent actuary	1,350	728
Bureau of Vital Statistics	355	165
Total interagency transfers	25,939	49,536
Total administrative expenses	$6,613,935	$6,173,891

SCHEDULES OF INVESTMENT EXPENSES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Investment activities expenses:		
Domestic investment expenses:		
Domestic investment expense	$ 0	$ 3,377
Commission rebate expense	0	6,370
Real estate expense	1,000,000	1,002,128
Private equity expense	5,268,112	5,680,714
Total domestic investment expenses	6,268,112	6,692,589
International investment expenses:		
International investment expense	0	168,164
International tax expense	1,896,400	2,168,204
Total international investment expenses	1,896,400	2,336,368
Custodian fees:		
Domestic	0	230,835
Global	697,344	1,062,837
Total custodian fees	697,344	1,293,672
Advisor fees	20,167,356	19,719,262
Total investment activities expenses	$29,029,212	$30,041,891
Securities lending activities expenses:		
Fixed	14,357,718	$32,416,970
Equity	197,298	373,580
International	39,214,613	36,993,442
Total securities lending activities expenses	$53,769,629	$69,783,992

SCHEDULES OF BOARD COMPENSATION
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999		1998	
BOARD OF TRUSTEES	NUMBER OF MEETINGS	AMOUNT	NUMBER OF MEETINGS	AMOUNT
Sheryl R. Abshire	17	$ 1,275	14	$ 1,050
Anne H. Baker	24	1,800	24	1,800
William C. Baker, Ed.D.	25	1,875	23	1,725
Jerry J. Baudin, Ph.D.	23	1,725	22	1,650
Eula Beckwith	25	1,875	20	1,500
Charles P. Bujol, replaced Thomas W. McCall	12	900		
Clyde F. Hamner	24	1,800	21	1,575
Dianne R. Holland	23	1,725	24	1,800
Syble T. Jones, RD, LDN	24	1,800	19	1,425
Thomas W. McCall, replaced by Charles P. Bujol	12	900	24	1,800
Lawrence J. Moody, Jr.	19	1,425	14	1,050
S. L. Slack	23	1,725	22	1,650
James T. Stewart	25	1,875	24	1,800
Total compensation		$20,700		$18,825

SCHEDULES OF BUILDING MAINTENANCE EXPENSES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Building maintenance expenses:		
Building manager	$ 27,575	$ 25,022
Partnership employees	17,157	21,067
Security guard services	10,333	12,526
Benefit and payroll taxes	5,391	3,794
Landscape maintenance	19,459	22,043
Custom program maintenance	7,400	9,387
Elevator maintenance	1,599	1,548
Equipment maintenance	32,163	29,126
Water	1,949	1,851
Sewerage	1,023	1,183
Utilities	81,619	87,140
Telephone	1,531	1,520
Advertising	399	367
Insurance	11,251	11,717
Pest control	581	546
Janitorial services	30,871	35,337
Waste systems	2,040	2,185
Fire protection	2,674	3,079
General repairs	14,235	12,676
Plumbing expenses	437	0
Equipment repairs	1,805	1,148
Electrical expenses	51,083	10,318
Bank charges	123	112
Window washing	1,862	0
Training/travel	0	100
Uniform rental	538	532
Miscellaneous operating services	342	0
Air conditioner supplies	210	0
Building supplies	3,715	4,988
Landscape supplies	91	749
Janitorial supplies	237	1,136
Office supplies	183	89
Architect/engineering services	5,361	1,215
Total building maintenance expenses	$335,237	$302,501
Capital outlays	$ 38,812	$ 55,300

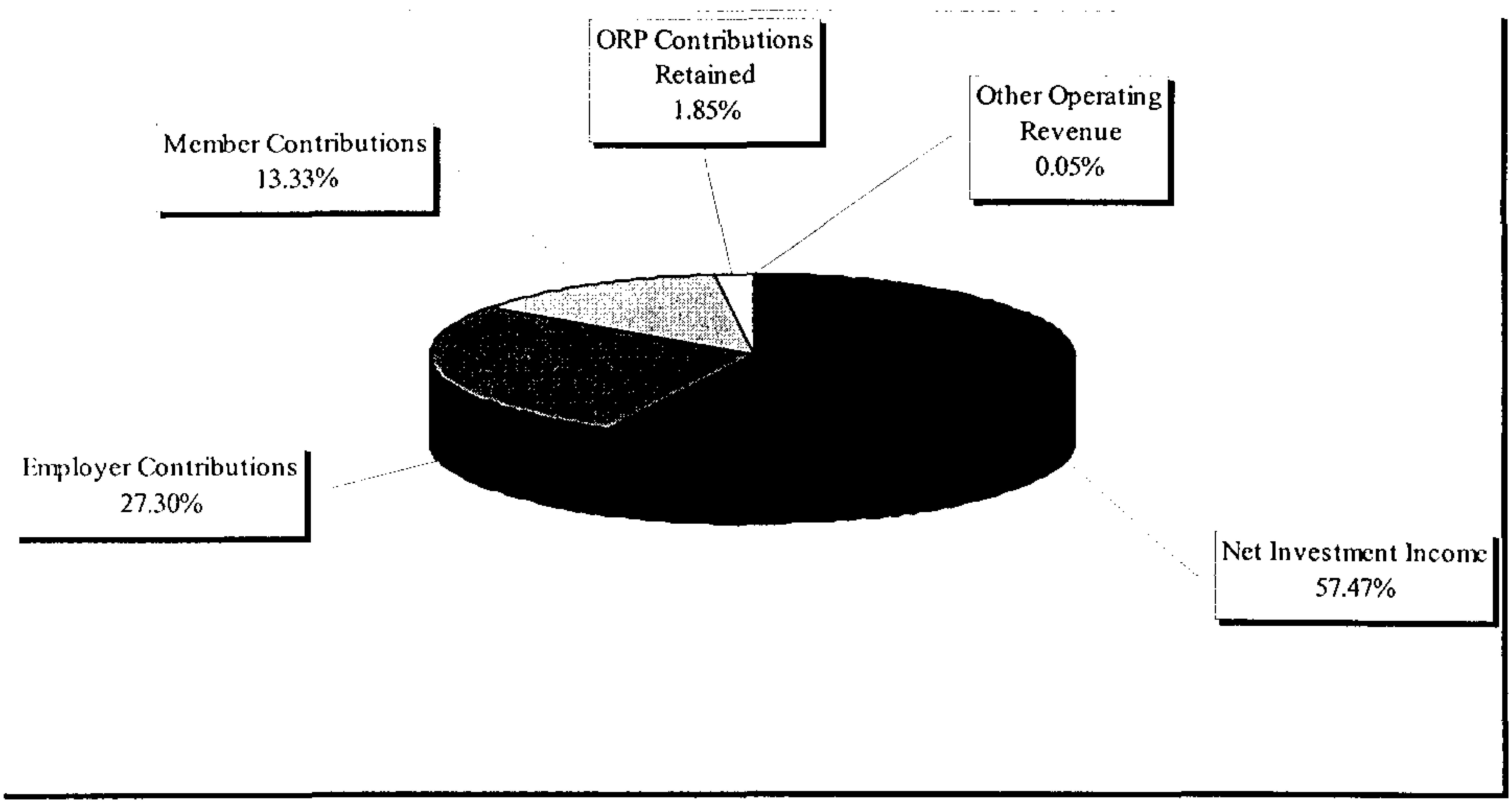
These costs are included in Operating Services Expenses, Rentals - Building , and Capital Outlays on the Schedule of Administrative Expenses.

SCHEDULES OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

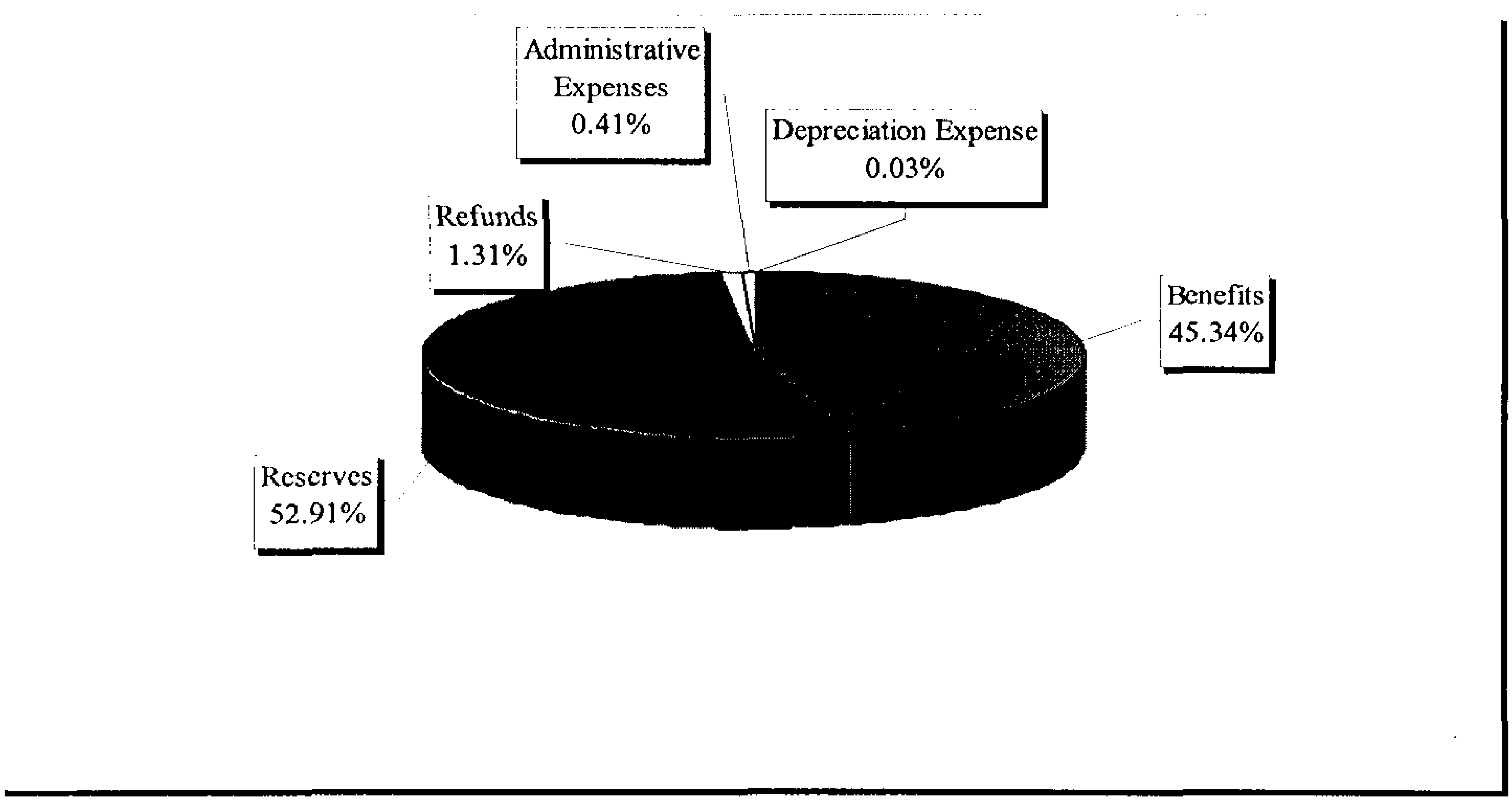
	1999	1998
Accounting and auditing consultants	$ 32,900	$ 31,519
Auditor		
Hawthorn, Waymouth & Carroll, L.L.P.		
Management and consulting	2,000	24,638
Computer Consultants		
Sornson & Associates, Inc.		
Speedware USA, Inc.		
Legal	83,855	123,799
Legal Consultant		
Avant & Falcon		
Jones, Day, Reavis and Pogue		
Law Offices of Randy P. Zinna		
Long Law Firm		
Medical	18,072	17,215
Medical Examiners		
Richard Burroughs, M.D.		
Jack Clayton, M.D.		
N. James Doll, M.D.		
Herbert R. Dyer, Jr., M.D.		
Richard H. Gold, M.D.		
Anthony Ioppolo, M.D.		
Herbert K. Plauche, M.D.		
H. Guy Riche', Jr., M.D.		
Ginger Shows, M.D.		
Lawrence D. Wade, M.D.		
William R. Williamson, M.D.		
Jeanne M. Estes, M.D.		
Russell E. Brown, M.D.		
Lily Hodges, M.D.		
Actuarial	51,660	49,200
Actuary		
Hall Actuarial Associates		
Total	$188,487	$246,371

A summary schedule of commissions paid to brokers is shown on page 65.

1999 REVENUE - WHERE IT CAME FROM



1999 REVENUE - WHERE IT WENT



INVESTMENT SECTION

- Report on Investment Activity
- Investment Policy
- Investment Summary
- List of Largest Assets Held
- Net Earnings on Investments
- Investment Performance Measurements
- Average Yield on Bonds Purchased
- Annual Rates of Return
- Summary Schedule of Commissions Paid to Brokers

Holbein Associates, Inc.

September 13, 1999

The Board of Trustees
Teachers' Retirement System of Louisiana
8401 United Plaza Blvd.
Baton Rouge, Louisiana 70809

During the past year, the TRSL portfolio had very good absolute performance in a very positive equity market and a rising interest rate fixed income environment. For the year ending June 30th, the System achieved a 10.0% rate of return from assets. The return achieved ranked at the 49th percentile of the Independent Consultants Cooperative Public Fund Universe. For the past five years, the System achieved a 15.3% return which ranked at the 58th percentile of the Independent Consultant's Cooperative Public Fund Universe. We believe that these returns are excellent given the fact that there was a restriction on equities (55%) which limited the upside potential (this restriction was changed to 65% as of June 30, 1997). The performance calculations reflect the total return of the System, including realized and unrealized gains plus income.

The total TRSL portfolio performance exceeded all of the objectives of the total fund over the last 3 and 5 years. The total portfolio return exceeded the Inflation (CPI) Index plus 3.9% by 9.2% for 3 years and 9.1% for 5 years. It also exceeded the actuarial growth rate of 8.25% by 6.8% over the last 3 years and 7.1% over the last 5 years.

The domestic portfolios are diversified into various equity and fixed income styles. The equity portfolios are diversified into growth and value styles across all capitalization ranges. The fixed income portfolios are diversified into government, corporate, and mortgage-backed securities.

The TRSL portfolio is diversified into many investable markets, including 12.3% in international equity and 9.4% in international fixed income. During the last three quarters of the fiscal year, TRSL experienced excellent results from international equities.

The System portfolio is also enhanced by diversification into opportunistic real estate, private equity and mezzanine debt financing. These alternative investments offer exceptional expected long-term returns and enhance the overall diversification of the System portfolio. Over the last year, the alternative investments produced realized and unrealized returns of 9.1%.

Sincerely,

Richard Holbein

Richard Holbein
President

15301 Dallas Parkway Suite 810 Addison, Texas 75001 (972)503-0799

INVESTMENT POLICY

STATEMENT OF OBJECTIVES

Financial objectives of the Teachers' Retirement System of Louisiana have been established in conjunction with a comprehensive review of the current and projected financial requirements of the Retirement System.

The Board's investment objectives are to:

(1) Protect the System's assets in real terms such that assets are preserved for providing benefits to participants and their beneficiaries. Real terms shall be a measurement in current dollars which discounts inflationary increases in value as measured by the Consumer Price Index (CPI).

(2) Achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System. This is defined as an investment return (current income plus realized and non-realized gains and losses) greater than the current actuarial assumption.

(3) Maximize the total rate of return on investments within prudent parameters of risk for a retirement system of this type.

While there can be no complete assurance that these objectives will be realized, this Investment Policy is believed to provide a sound basis for successful achievement.

The desired investment objective is a long-term compound rate of return on the System's assets of 3.9 percent above the CPI. The Board realizes that market performance varies from period to period and this return objective may not be meaningful during some periods. Accordingly, relative performance benchmarks for investment managers are set forth in the Control Procedures section on page 57.

STATEMENT OF INVESTMENT POLICY

INVESTMENT GUIDELINES

It shall be the policy of the System to invest the assets in accordance with the maximum and minimum range for each asset category as stated below:

ASSET CATEGORY	MINIMUM	TARGET	MAXIMUM
Cash and Equivalents	0%	0%	15%
Fixed Income*	20%	25%	60%
Alternative Investments***	0%	15%	25%
Total Stock**	35%	60%	65%
*U.S. Fixed Income	10%	17.5%	60%
International	0%	7.5%	40%
**U.S. Stock	25%	30%	65%
International	0%	20%	30%
Equity Indexing	10%	10%	65%

**The US Stock composite objective is the Russell 3000, and is further segregated into the following style targets and ranges:

EQUITY STYLE	MINIMUM	TARGET	MAXIMUM
Large Cap Growth	26%	30%	34%
Large Cap Value	26%	30%	34%
Mid Cap Growth	8%	10%	12%
Mid Cap Value	8%	10%	12%
Small Cap Growth	8%	10%	12%
Small Cap Value	8%	10%	12%

***In determining the asset allocation, the actual invested amount, not the commitments, is applicable; however, in no case, without Board approval, will the commitments exceed the maximum.

The asset allocation ranges established by this Investment Policy represent a long-term perspective. As such, rapid unanticipated market shifts may cause the asset mix to fall outside the policy range. Any divergence should be of a short-term nature. The Director is responsible for ensuring that the managers keep any such divergence as brief as possible.

Divergence in the portfolio cash reserves is of particular concern. It is the Board's policy that managers' portfolios are to be fully invested and cash reserves, over time, should not exceed the 5 percent target. Managers have the discretion to deviate from the cash reserve target, but will be accountable to the Board for justifying such action. Managers will be evaluated on the performance of the total portfolio, including cash.

It is expected that all assets of the Teachers' Retirement System of Louisiana will be managed in accordance with the Louisiana Revised Statutes. It is a policy of the Board of Trustees that, provided all investment factors are equal and within the limits of prudence, investments in Louisiana securities are encouraged.

In accordance with the Louisiana Revised Statutes, the Teachers' Retirement System of Louisiana will invest, at a minimum, 10 percent of Total Stock in Equity indexing not to exceed 65 percent. The index portfolio(s) shall be invested in indices that either seek to replicate or enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or foreign equity.

In addition to direct investment in individual securities, mutual funds and pooled asset portfolios are acceptable investment vehicles.

FIXED INCOME GUIDELINES

Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria:

(1) All U.S. Treasury, federal agencies, and U.S. Government guaranteed obligations.

(2) Corporate bonds, debentures, notes, asset-backed securities and equipment trust certificates rated Baa3 or BBB- or

INVESTMENT POLICY (Continued)

higher (Investment Grade), by Moody's or Standard & Poor's (includes split-rated bonds). Below investment grade bonds, are allowed within the following limitations and the consideration of whether they are prudent under the circumstances then prevailing. In no case shall holdings of below investment grade credits exceed 20 percent in the market value of the bond portfolio, except for those portfolios specifically designated "High Yield."

(3) Mortgage securities will be limited to: Pass-throughs, Collateralized Mortgage Obligations, Adjustable Rate Mortgages, Commercial Mortgage-backed Securities and other mortgage securities deemed prudent by the investment advisor(s). The use of Interest only strips and Principal only strips may not exceed 10 percent of the portfolio.

(4) Municipal bonds rated Baa3 or BBB- or higher may not exceed 20 percent of the market value of the bond portfolio.

(5) Positions in any one issuer of corporate or municipal securities are not to exceed 5 percent of the market value of the bond portfolio, measured at the time of purchase.

(6) Holdings of individual issues are to be large enough for easy liquidation.

(7) Private placements (including Rule 144As) may be held providing that holdings do not exceed 25 percent of the market value of the bond portfolio. High-yield portfolios are excluded from this restriction on Rule 144As.

(8) Debt obligations of foreign governments, corporations and supranational issues that are dollar denominated (including Euro-Bonds and Yankee Bonds) rated Baa3 or BBB- or higher (Investment Grade), by Moody's or Standard & Poor's may be held by investment managers that have experience and expertise with these securities. These securities may not exceed 20 percent of the market value of the bond portfolio, however 10 percent of such portfolio may be invested in below investment grade foreign fixed income securities.

(9) Debt obligations of foreign governments, corporations and supranational issued outside of the U.S. (Euro-Bonds and non-U.S. dollar bonds) may be held by investment managers that have received written permission from the Board to include these securities in their portfolios.

(10) High Yield portfolios are to be invested in debt securities (including convertibles) rated from Ba1 to CCC or BB+ to CCC and in unrated securities determined to be of comparable quality by the manager. Unrated securities and securities rated CCC or below shall not exceed 20 percent of the market value of the portfolio.

(11) High Yield portfolios are subject to the above paragraphs with bond rating modified according to paragraph (10).

FIXED INCOME GUIDELINES FOR APPROVED GLOBAL FIXED INCOME MANAGER(S)

Guidelines (1) through (8) for Fixed Income will apply with the following additional guidelines:

(1) The debt of countries, foreign and domestic agencies, foreign and domestic corporations and supranational entities are acceptable for investment. The manager should consider the creditworthiness and the liquidity of a potential security before making an investment. The manager should also review whether the Custodian has a subcustodian within a particular country before considering an investment. The current list of approved countries is shown below. European Currency Unit (ECU) obligations are also included in the approved category.

E.A.F.E. COUNTRIES

Belgium	Denmark	Finland	France
Germany	Ireland	Netherlands	Norway
Portugal	Sweden	Switzerland	United Kingdom
Australia	Japan	New Zealand	Singapore
Austria	Italy	Spain	

OTHER COUNTRIES APPROVED BY THE BOARD

Argentina	Brazil	Canada	Chile
Czech Republic	Greece	Hungary	Indonesia
Korea	Mexico	Malaysia	Phillipines
Poland	South Africa	Thailand	Turkey
Slovenia	Venezuela	China (Hong Kong Only)	
India (ADRs & GDRs only)			
Israel (ADRs & GDRs only)			

(2) Weightings in U.S. dollar-denominated bonds, and U.S. cash may, when combined, range from 0 percent to 100 percent of a portfolio.

(3) Weightings in EMU participating countries and Euro cash, when combined, may range from 0 percent to 70 percent of a portfolio.

COUNTRIES PARTICIPATING IN THE EUROPEAN MONETARY UNIT (EMU) AS OF JANUARY 1, 1999

Austria	Belgium	Finland	France
Germany	Ireland	Italy	Luxembourg
Netherlands	Portugal	Spain	

(4) Weightings in yen, sterling denominated bonds, and yen and sterling cash, when combined, may each range from 0 percent to 50 percent of a portfolio.

(5) Portfolio weightings in Board approved countries other than those described in (2), (3) and (4) above, may each, combining bonds and cash, range from 0 percent to the country weightings of the Salomon Brothers Non-U.S. World Government Bond Index plus 10 percent. However,

INVESTMENT POLICY (Continued)

practical consideration should be given to liquidity and marketability of issues, particularly within non-major and emerging markets.

(6) Quality ratings for corporate debt shall be consistent with those stated in (2) under Fixed Income Guidelines.

(7) Permitted Hedge Vehicles for Currency Exposure Management

The following instruments are permissible:

(1) Forward Foreign Exchange Contracts
(2) Currency Futures Contracts
(3) Options on Currency Futures Contracts
(4) Options on Spot Currencies

(8) Net short foreign currency positions may not be taken in this portfolio.

STOCK GUIDELINES

Common stock securities including ADRs shall be high quality, readily marketable securities offering potential for above average growth. Common stock investments are limited to those meeting all of the following criteria:

(1) Stocks must be listed or traded on a national securities exchange including the NASDAQ. ADR securities may be traded over the counter. U.S. Stocks must be registered with the Securities and Exchange Commission.

(2) Not more than 5 percent of the book value or market value (whichever is more) of the total issued and outstanding common stock of any one corporation may be held in the equity portfolio.

(3) Not more than 5 percent of the cost or market value of the total System equity portfolio (whichever is higher) or 15 percent of the market value of each separately managed portfolio may be invested in common stock of any one corporation.

(4) Not more than 20 percent of stock valued at market of the total System equity portfolio may be held in any one industry category as defined by Bankers Trust Company.

(5) Convertible securities and covered option writing, if any, shall be considered as part of the equity portfolio.

(6) Equity managers hired for the small cap investment category are expected to maintain a weighted average market capitalization of the portfolio within plus or minus 50 percent of the weighted average market capitalization of the Russell 2000 Index.

(7) Equity managers hired for the mid cap investment category are expected to maintain a weighted average market capitalization of the portfolio within plus or minus 50 percent of the weighted average market capitalization of the Russell Mid Cap Index.

STOCK GUIDELINES FOR APPROVED INTERNATIONAL EQUITY MANAGER(S)

In addition to the International Stock Guidelines below, Stock Guidelines (2) through (7), above also apply as appropriate to international equity managers.

(1) Investment managers may invest up to 20 percent of the market value of the portfolio in Emerging Market countries as contained in the IFC Investable Index, and up to 5 percent (of the 20 percent limit) in other countries not contained in the index. Managers should give consideration to liquidity and marketability of issues, particularly within non-major and emerging markets, and should also be sensitive to the weight of individual economic sectors of the market within the portfolio. The manager should also review whether the Custodian has a subcustodian within a particular country before considering an investment.

(2) Investment managers may invest up to 25 percent of the market value of the portfolio in equity securities of domestic U.S. issuers. This flexibility should be viewed by the manager as an opportunistic and/or defensive mechanism as opposed to a normal position.

(3) No single industry group shall constitute more than 25 percent of the market value of the portfolio or its comparable representation in the EAFE Index, whichever is larger, without prior Board approval.

(4) No individual security shall constitute more than 10 percent of the market value of the portfolio or its equivalent representation in the EAFE Index, whichever is larger, without prior Board approval.

(5) Cash shall not constitute more than 25 percent of the market value of the total portfolio without prior Board approval. Cash held by the manager may be in U.S. dollars or in the foreign currency or currencies of the managers' choice.

(6) Residual currency exposures of the underlying international equity portfolio should be actively managed by the investment manager. The objectives of active foreign exchange exposure management within the international equity portfolio are to:

(a) Add value by increasing total returns and reducing volatility of returns through hedging and cross-

INVESTMENT POLICY (Continued)

hedging activities.

(b) Avoid currency translation losses in periods of an appreciating U.S. dollar.

(7) Permitted Equity Investments

(a) Equity managers are to confine portfolio investments to common stocks and securities directly convertible or exercisable into common stocks, including ADR's and GDR's.

(b) Use of derivatives such as options, warrants, and futures to establish unleveraged long positions in equity markets is permissible.

(c) Currency options contracts may be exchange traded or over-the-counter (OTC) traded in the interbank market. Alternative instruments such as swaps, options on options, or other derivatives may be utilized if the risk/return trade-off is perceived by the manager to be suitable and competitive with the above stated hedge vehicles.

(d) International equity managers may invest up to 10 percent of the portfolio in Rule 144A securities.

(8) Permitted Hedge Vehicles for Currency Exposure Management

The following instruments are permissible:

(1) Forward Foreign Exchange Contracts
(2) Currency Futures Contracts
(3) Options on Currency Futures Contracts
(4) Options on Spot Currencies

(9) Net short foreign currency positions may not be taken in this portfolio.

CASH AND CASH EQUIVALENTS GUIDELINES

Cash and cash equivalents are comprised of daily cash balances above day to day needs and funds set aside for portfolio strategy reasons. Short-term securities managed by the System's Investment Department are subject to the approval of the Director in accordance with the set-forth guidelines and restrictions.

Short-term investments may be placed in:

(1) U.S. Treasury Bills, other issues of the U.S. Government, issues of federal agencies, and government sponsored enterprises with a maturity of one year or less.

(2) Repurchase agreements collateralized by U.S. Treasury or agency securities subject to the market value of collateral, including accrued interest, meeting at least 100 percent of the amount of their purchase agreement.

(3) Commercial paper rated P-1 by Moody's or A-1 by Standard & Poor's and having a senior bond rating of A/A or better. No single issue may exceed 10 percent of outstanding short-term obligations. The maximum maturity will be ninety days.

(4) Certificates of deposit limited to Louisiana banks, savings and loans and credit unions provided that:

(a) Maximum amount in any one bank will be limited to $1 million.

(b) All deposits in excess of federal insurance limits shall be collateralized subject to the same rules and regulations in effect for certificates of deposit placed by the Louisiana Department of the Treasury.

(c) Maximum amount limited to 5 percent of capitalization.

(d) Maximum maturity is 366 days.

(5) Money market funds adhering to restrictions (1) through (4) above.

(6) Issues of commercial debt market with maturities of one year or less and having a rating of A or better. The obligations of any single issuer may not exceed 10 percent of the total outstanding short-term obligations of the System.

(7) STIF Deposit accounts at foreign sub-custodian banks are allowed only for the Global and International managers.

ALTERNATIVE INVESTMENT GUIDELINES

In recognition of the increasing opportunities in today's and tomorrow's investment universe, the Board may consider the following representative investment vehicles:

Real Estate
Private Placements
Options
Derivatives (Futures, Swaps, etc.)

The Board, when appropriate, will adopt objectives, rules and guidelines as may be necessary to adequately monitor the performance of the assets committed to the above investment vehicles. Upon Board approval, these objectives, rules, and guidelines will be added to the investment policy.

SECURITIES LENDING GUIDELINES

The System's Investment Department may engage in the lending

INVESTMENT POLICY (Continued)

of securities subject to the following guidelines:

(1) Collateral on loans is set at a minimum 102 percent of the market value of the security plus accrued interest

(2) Collateral on loans of international securities is set at a minimum 105 percent of the market value of the security plus accrued interest.

(3) Securities of the System are not released until the custodian bank receives payment for the book entry withdrawal of the loaned security.

(4) Funds from the lending of securities accrue to the investment account and not to investment advisors since they would not be involved in the process.

(5) The System's Investment Department may engage in the lending of all applicable securities.

RESTRICTED INVESTMENTS

Categories of investments which are not eligible include:

(1) Use of margin or leverage.

(2) Short sales of securities not held by the System.

(3) Investments in commodities or commodity contracts.

(4) Direct loans or extension lines of credit to any interested party.

(5) Letter stock.

(6) Unregistered securities, except permitted 144A securities.

For global advisors approved by the Board, financial futures contracts and options thereon, currency forward contracts and options thereon, and options on physical securities and currencies are allowed. Also for these advisors initial and variation margin on financial futures and related options are allowed.

OTHER INVESTMENTS

From time to time, the Board may authorize other investments for a specific trial period. At the conclusion of the trial period, should the Board determine that the investment is suitable on a continuing basis, the Board will adopt such objectives, rules and guidelines as may be necessary and add them to the statement.

DIVERSIFICATION

Investments shall be diversified with the intent to minimize the risk of large losses to the Retirement System. The total portfolio will be constructed and maintained to provide prudent diversification in equity, fixed income and real estate.

VOLATILITY

Consistent with the desire for adequate diversification, it is expected that the volatility of the System's total portfolio will be similar to that of the market. It is expected that the volatility of the total portfolio, in aggregate, will be reasonably close to the volatility of a commitment-weighted composite of market indices (e.g., Standard & Poor's 500 Index for stocks and Shearson Lehman Government Corporate Bond Index for bonds).

LIQUIDITY NEEDS

It is expected that contributions will exceed benefit payments for the foreseeable future. Therefore, there is no present need for investment managers to maintain liquid reserves for payment of retirement benefits.

PROXY VOTING

It shall be the policy of the Retirement System to vote all proxy ballots, except those for international companies. These proxies shall be voted by the applicable manager. Nevertheless, each investment manager is required to advise the Board on any issues that should require special consideration.

EXECUTION OF SECURITIES TRADES

The Retirement System expects the purchase and sale of its securities to be directed through the brokerage firms offering the best price and execution. Orders shall be placed through Louisiana brokerage firms whenever they can provide total transaction costs equivalent to or below the lowest non-Louisiana brokerage firm.

CONTROL PROCEDURES

REVIEW OF LIABILITIES

All major liability assumptions regarding number of Plan participants, payroll, benefit levels and actuarial assumptions will be subject to an annual review. This review will focus on an analysis of the major differences between the System's assumptions and actual experience.

REVIEW OF INVESTMENT OBJECTIVES

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy for achieving these objectives. It is not expected that the Investment Policy will

INVESTMENT POLICY (Continued)

change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the Investment Policy.

REVIEW OF INVESTMENT MANAGERS

The Board will require each investment manager to report monthly in a manner agreed upon by the Board, staff, consultant and manager.

The Board will meet at least annually, and preferably more frequently, with the investment managers and its consultants. Additionally, with or without the investment managers, the Board will review investment results at least quarterly.

These reviews will focus on:

(1) Manager adherence to the policy guidelines.

(2) A comparison of managers' results against appropriate financial indexes, such as, but not limited to the Standard & Poor's 500 Index and the Frank Russell Style Indices for domestic equities; the EAFE (after taxes) Index for International equities; the Lehman Aggregate Bond Index, Lehman Government Corporate Bond Index, and Lehman Mortgage Bond Index for domestic fixed income securities; and the Lehman Aggregate Bond Index, Salomon Brothers World Bond Index, and Salomon Non U.S. Dollar Government Bond Index, for global fixed income securities.

(3) A comparison of managers' results using similar policies (in terms of commitment to equity, style, diversification, volatility, etc.).

(4) The opportunities available in both equity and debt markets.

(5) Material changes in the manager organizations such as investment philosophy, personnel changes, acquisitions or losses in major accounts, etc.

The managers will be responsible for keeping the Board advised of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance.

PERFORMANCE EXPECTATIONS

The most important performance expectation is the achievement of investment results that are consistent with the Retirement System's Investment Policy Statement. A long-term average annual return of 3.9 percent above inflation as measured by the Consumer Price Index is reasonable in light of the policy. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

The Retirement Board recognizes that this real return objective may not be meaningful during some time periods. In order to ensure that investment opportunities available over a specific time period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. The Board expects the total Fund to perform in the top one third of a universe of total funds having similar investment policies. To stay abreast of what other state and local plans are achieving, the System's performance will also be compared to the results of other Public Plans. Each manager is expected to perform in the top one-half of his/her respective Equity Manager or Fixed Income Manager universe and in the top quartile of his/her investment manager style universe. This performance should be achieved over rolling three-year time periods or the length of each manager's contract, whichever comes first. Short run results will also be monitored. For purposes of this paragraph, the universe referred to is the Bankers Trust Independent Consultant Cooperative (I.C.C.) Universe as categorized above.

INVESTMENT SUMMARY
AS OF JUNE 30, 1999 AND 1998

TYPE OF INVESTMENT	JUNE 30,1999 FAIR VALUE	JUNE 30,1999 % TOTAL FAIR VALUE	JUNE 30,1998 FAIR VALUE	JUNE 30,1998 % TOTAL FAIR VALUE
Domestic bonds:				
U S Treasury & Government Agency securities	$ 379,884,684	3.019%	$ 737,577,145	6.216%
Corporate bonds	1,276,396,637	10.143%	884,032,015	7.450%
Total domestic bonds	1,656,281,321	13.162%	1,621,609,160	13.666%
International bonds	1,119,040,286	8.893%	1,062,873,639	8.958%
Domestic stocks:				
Common	5,339,508,624	42.432%	5,180,397,858	43.659%
Preferred	11,971,531	0.095%	22,010,870	0.185%
Total domestic stocks	5,351,480,155	42.527%	5,202,408,728	43.844%
International stocks:				
Common	1,451,905,777	11.538%	1,369,767,150	11.544%
Preferred	13,546,230	0.108%	52,980,677	0.446%
Total international stocks	1,465,452,007	11.646%	1,422,747,827	11.990%
Domestic short-term investments	444,791,846	3.535%	900,788,443	7.592%
International short-term investments	78,369,738	0.623%	9,434,521	0.080%
Real estate investment trust	258,599,908	2.055%	237,350,422	2.000%
Private equity investments	825,050,803	6.556%	364,199,600	3.069%
Collateral held under domestic securities lending program*	600,370,800	4.771%	227,003,113	1.913%
Collateral held under foreign securities lending program*	784,220,679	6.232%	817,311,989	6.888%
Total investments	$12,583,657,543	100.000%	$11,865,727,442	100.000%

The index portfolio at June 30, 1999 is $850.3 million which is 12.5% of total equity which has a market value of $6.817 billion.

* Collateral received by the System for securities on loan is reported as an asset with a corresponding liability.

LIST OF LARGEST ASSETS HELD
AS OF JUNE 30, 1999

LARGEST BOND HOLDINGS (BY FAIR VALUE)

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	FAIR VALUE (USD)
U S Treasury Notes	6.750	04/30/2000	$ 56,165,000	$56,823,254
Germany (Federal Republic)	6.000	07/04/2007	41,586,405	47,165,855
Government of Canada Notes	4.750	09/15/1999	52,000,000	35,119,058
U S Treasury Notes	6.250	02/15/2007	33,000,000	33,680,460
U S Treasury Notes	5.625	02/15/2006	33,000,000	32,571,990
UK Government Treasury	6.000	08/10/1999	20,170,000	31,831,974
Germany Government Bond	8.000	07/22/2002	27,000,000	31,321,337
Sweden Government Bond Series - 1034	9.000	04/20/2009	200,900,000	30,730,710
Germany (Federal Republic)	3.750	01/04/2009	29,065,000	28,264,717
Government of Canada	4.500	06/01/2001	41,895,000	27,980,005
Government of Canada Series WP56	5.000	12/01/2000	41,322,000	27,773,766
U S Treasury Bonds	6.375	08/15/2027	26,000,000	26,686,660
Netherland Government Bond	8.250	09/15/2007	20,000,000	25,739,920
Australia Government Bond	13.000	07/15/2000	35,000,000	25,060,631
Dutch Government	5.250	07/15/2008	21,956,609	23,661,604
Japan -183	3.300	09/20/2005	22,623,331	22,344,294
Kingdom of Spain	5.150	07/30/2009	20,650,000	21,868,089
Kingdom of Sweden	6.500	10/25/2006	165,900,000	21,460,267
Colombia Rep	7.625	02/15/2007	28,445,000	21,367,169
U S Treasury Notes	5.625	05/15/2008	21,619,000	21,213,644
Government of Japan Series 205	1.700	09/22/2008	20,467,749	20,075,750
Bundesschatzanw	3.000	12/15/2000	18,500,000	19,064,711
Kingdom of Denmark	6.000	11/15/2009	125,389,000	18,916,446
UK Government Treasury Bill	8.500	07/16/2007	10,005,000	18,915,506
Government of Canada	7.500	03/01/2001	25,000,000	17,427,031

A complete list of portfolio holdings is available upon request.

LIST OF LARGEST ASSETS HELD
AS OF JUNE 30, 1999

LARGEST STOCK HOLDINGS (BY FAIR VALUE)

DESCRIPTION	SHARES	FAIR VALUE (USD)
Equity Office Properties Trust	4,737,980	$121,410,73
Nokia O Y	346,210	30,347,376
AT&T Corp	604,000	22,197,000
Xerox Corp	366,600	21,652,313
Citrix Sys Inc	330,800	18,690,200
Microsoft Corp	205,000	18,488,438
Exodus Communications Inc	153,600	18,422,400
Home Depot Inc	275,000	17,720,313
Telecom Italia Spa	2,394,163	17,600,334
General Electric Co	152,000	17,176,000
Time Warner Inc	236,000	17,139,500
Mannesmann A G	111,587	16,651,170
Royal Dutch Pete Co	279,342	16,563,261
Smithkline Beecham	783,647	16,541,997
Merck & Co Inc	222,000	16,344,750
FDX Corp	274,200	14,875,350
Compania Telefonica De Espana S A	302,142	14,554,041
Gemstar Intl Groupm Ltd	221,200	14,433,300
Microsoft Corp	160,000	14,430,000
Tandy Corp	294,800	14,408,350
Mediaone Group Inc	193,000	14,354,375
AES Corp	237,000	13,775,625
Burlington Northern Santa Fe Corp	444,300	13,773,300
Phillips N V (Kon)	137,530	13,565,788
International Business Machs Corp	103,800	13,416,150

A complete list of portfolio holdings is available upon request.

NET EARNINGS ON INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999		1998	
Earnings on investments:				
Net appreciation (depreciation) in fair value of domestic investments:				
Bonds	$ (72,686,492)		$ 4,610,086	
Common and preferred stocks	(70,831,728)		74,904,182	
Short-term investments	0		(1,131)	
Real estate investments	18,504,874		26,311,669	
Private equity investments	(2,335,074)	$(127,348,420)	131,436,455	$ 237,261,261
Net appreciation (depreciation) in fair value of international investments:				
Bonds	(60,235,998)		1,800,341	
Common and preferred stocks	(25,194,975)		93,980,924	
Short-term investments	(389,878)		567,692	
Futures and options	0	(85,820,851)	910,104	97,259,061
Domestic interest income:				
Bonds	112,945,274		118,931,773	
Certificates of deposit	200		15,223	
Short-term investments	26,289,372	139,234,846	31,975,362	150,922,358
International interest income:				
Bonds	78,800,837		59,328,109	
Short-term investments	1,663,374	80,464,211	3,361,528	62,689,637
Domestic common and preferred dividends		58,274,331		56,844,796
International common and preferred dividends		23,424,136		21,290,928
Securities lending income:				
Fixed	14,189,803		32,820,119	
Equity	1,863,145		2,649,380	
International	42,982,821	59,035,769	39,833,414	75,302,913
Gain (loss) on sale of domestic securities, net:				
Bonds	5,240,488		69,894,879	
Common and preferred stocks	723,289,069		983,455,127	
Private equity investments	0		7,013,575	
Short-term investments	0	728,529,557	(2,517,354)	1,057,846,227
Gain (loss) on sale of international securities, net:				
Bonds	29,415,020		17,516,114	
Short-term investments	(2,350,227)		0	
Common and preferred stocks	91,834,060	118,898,853	46,050,868	63,566,982
Gain (loss) on international exchange transactions		2,179,938		(116,384,582)
Miscellaneous foreign income		0		55,265
Real estate income		4,267,099		8,942,761
Private equity income		11,785,474		429,743
Commission rebate income		1,812,934		1,141,811
Gross earnings		1,014,737,877		1,717,169,161
Charges against earnings:				
Accrued domestic interest purchased		0		10,157,064
Accrued international interest purchased		0		444,725
Securities lending expenses:				
Fixed	14,357,718		32,416,970	
Equity	197,298		373,580	
International	39,214,613	53,769,629	36,993,442	69,783,992
Domestic investment expense		0		3,377
International investment expenses:				
International investment expense	0		168,164	
International tax expense	1,896,400	1,896,400	2,168,204	2,336,368
Commission rebate expense		0		6,370
Real estate expense		1,000,000		1,002,128
Private equity expense		5,268,112		5,680,714
Custodian fees		697,344		1,293,672
Advisor fees		20,167,356		19,719,262
Total charges		82,798,841		110,427,672
Net income on investments		$ 931,939,036		$1,606,741,489

INVESTMENT PERFORMANCE MEASUREMENTS

	Rate of Return	Rank
Comparative Rates of Return on Total Fund - Year Ended June 30, 1999		
Teachers' Retirement System of Louisiana	10.0%	49
Comparison indices:		
Median Public Fund Return	9.9%	50
Comparative Rates of Return on Equities - Year Ended June 30, 1999		
Teachers' Retirement System of Louisiana	15.1%	49
Comparison indices:		
Median Equity Only Public Fund Return	15.0%	50
Standard and Poor's 500 Index	22.8%	23
Comparative Rates of Return on Fixed Income Securities - Year Ended June 30, 1999		
Teachers' Retirement System of Louisiana	1.8%	80
Comparison indices:		
Median Bond Only Public Fund Return	2.8%	50
Lehman Brothers Aggregate Bond Index	3.1%	36

The performance for the past five years as compared to other public plans in the universe of plans maintained by Holbein Associates, the System's investment performance consultant, is as follows:

Two-year period ending June 30, 1999	14.3%	30
Three-year period ending June 30, 1999	15.1%	49
Four-year period ending June 30, 1999	15.1%	55
Five-year period ending June 30, 1999	15.3%	58

ANNUAL RATES OF RETURN

	ANNUALIZED YEARS ENDING JUNE 30					ANNUALIZED	
	1995	1996	1997	1998	1999	3 YRS.	5 YRS.
TOTAL FUND							
Teachers' Retirement System of Louisiana	16.3%	14.9%	16.6%	18.3%	10.0%	15.1%	15.3%
Median Public Fund Return	16.4%	15.2%	19.5%	16.9%	9.9%	15.1%	15.6%
Inflation (CPI)	3.0%	2.7%	2.3%	1.7%	2.0%	2.0%	2.4%
DOMESTIC EQUITIES							
Teachers' Retirement System of Louisiana	23.3%	25.3%	25.5%	24.9%	15.1%	21.7%	22.7%
Median Equity Only Public Fund Return	23.9%	25.6%	30.5%	24.6%	15.0%	24.0%	25.1%
Standard & Poor's 500 Index	26.1%	26.0%	34.7%	30.2%	22.8%	29.1%	27.9%
DOMESTIC BONDS							
Teachers' Retirement System of Louisiana	13.7%	4.7%	8.3%	11.3%	1.8%	7.0%	7.8%
Median Bond Only Public Fund Return	12.6%	5.0%	8.3%	11.0%	2.8%	7.3%	7.9%
Lehman Brothers Aggregate Index	12.5%	4.9%	8.2%	10.5%	3.1%	7.2%	7.8%
INTERNATIONAL EQUITIES							
Teachers' Retirement Sytem of Louisiana	(0.1%)	21.0%	12.4%	12.5%	6.1%	10.2%	10.0%
Median International Equity Only Return	4.2%	17.9%	19.8%	8.1%	7.7%	12.9%	12.9%
E.A.F.E. Index (after tax)	1.7%	13.3%	12.8%	6.1%	7.6%	8.8%	8.2%
INTERNATIONAL BONDS							
Teachers' Retirement System of Louisiana	15.4%	2.1%	4.4%	0.9%	6.7%	7.0%	5.8%
Median International Bond Only Return	12.6%	4.7%	5.1%	4.0%	3.6%	4.6%	6.7%
Salomon Brothers Non-US Government Bond Index	22.7%	(1.7%)	2.2%	0.9%	4.9%	2.6%	5.5%

SUMMARY SCHEDULE OF COMMISSIONS PAID TO BROKERS
FOR THE YEAR ENDED JUNE 30, 1999

	SHARES TRADED	COMMISSION DOLLAR AMOUNT	COMMISSION PER SHARE
Institutional brokers	54,216,242	$ 2,528,186	$0.047
Bear Stearns			
J. C. Bradford			
A. G. Edwards & Sons			
Interstate/Johnson Lane			
Merrill Lynch			
Morgan Keegan			
Paine Webber			
Smith Barney			
Small/medium Louisiana brokers	14,517,788	699,660	0.048
J. C. Bradford			
Dean Witter			
A. G. Edwards & Sons			
Legg Mason			
Prudential Securities			
Charles Sisk & Associates			
Sisung			
Medium out-of-state brokers	8,545,720	454,644	0.053
Concord			
First Southwest			
Makefield Securities			
Rauscher Pierce			
Stanford			
Specialty brokers	8,008,016	297,730	0.037
Cantor Fitzgerald			
Jefferies & Company			
Recapture brokers	58,592,083	2,987,085	0.051
Bear Stearns			
CIS			
Donaldson			
Lynch, Jones & Ryan			
Smith Barney			
State Street			
Trade Plus			
Wilshire			
Minority brokers	14,185,323	727,855	0.051
Ashland Global (also Recapture)			
Gardner Rich & Co. (also Recapture)			
GRW (also Recapture)			
Jackson Shanklin (also Recapture)			
Lugano (also Recapture)			
Magna			
Pacific American			
Williams Capital (also Recapture)			
Other - advisors contacts	121,783,634	4,508,448	0.037
Subtotal	279,848,806	12,203,608	0.044
Rebate to Teachers' Retirement System of Louisiana		(1,609,185)	
Total	279,848,806	$10,594,423	$0.038

ACTUARIAL SECTION

- **Actuary's Certification Letter**
- **Summary of Assumptions**
- **Actuarial Valuation Balance Sheet**
- **Summary of Unfunded Actuarial Liabilities**
- **Summary of Actuarial and Unfunded Actuarial Liabilities**
- **Reconciliation of Unfunded Actuarial Liabilities**
- **Amortization of Unfunded Actuarial Accrued Liability**
- **Membership Data**
- **Historical Membership Data**
- **Principle Provisions of the Plan**

Hall Actuarial Associates

Charles G. Hall
F.C.A., M.A.A.A., A.S.A.
Enrolled Actuary

1433 Hideaway Court
Baton Rouge, La. 70806
(225) 924-6209

September 15, 1999

Board of Directors
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123

Ladies and Gentlemen:

Pursuant to your request, we have completed our thirteenth annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 1999. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The 1999 Legislative Session produced no Bills passed which would have a prospective affect on funding. Notable changes in recent prior legislative sessions include the following Acts: Act 1031 of 1992 established the Experience Account which provides for the pre-funding of retiree COLA's by accumulating excess investment income until the account is sufficient to cover the liability of increased benefits. The Texaco Settlement Fund was established July 1, 1995 to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81. Act 981 of 1997 eliminates the current twenty year retirement for new members hired after July 1, 1999. New members may elect twenty year actuarially reduced 2 1/2% per year formula. Act 402 of 1999 establishes that, if the Experience Account balance is sufficient to grant retirees a COLA, the Board shall grant a COLA not to exceed the lesser of the CPI-U or 2%. Benefits are restricted to those retirees who have attained the age of 55 and have been retired for at least one year. Act 356 of 1999 creates a non-qualified excess benefit plan to pay benefits provided by the system which exceed the maximum IRC, Section 415 benefit limits.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

a) fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and

b) liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1999 should be set equal to 14.3% of payroll, plus a required legislative appropriation of $4,848,626.

Hall Actuarial Associates

Board of Trustees
TEACHERS' RETIREMENT SYSTEM
September 15, 1999

When compared to the prior year's employer's rate of 15.5%, the current employer's rate of 14.3% reflects a significant reduction to the employer's rate from the prior year. The current contribution rate, plus the required legislative appropriation, when taken together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

The methodology for determining the actuarial value of assets approved by the Board of Trustees is consistent with the prior plan year. The current method values all assets on a basis which reflects a four-year moving weighted average of the relationship between market value and cost value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the fiscal year ending on June 30, 1999 were in the amount of $11,150,705,566. The Actuarial Value of Assets, when adjusted for the Experience Account Fund in the amount of $1,058,801,520, the side-fund assets for the Louisiana State University Agriculture and Extension Service Supplement of $-189,488, and the side-fund assets from the Texaco Settlement Fund of $246,796,291 yields assets for funding purposes of $9,845,297,243.

In performing the June 30, 1999 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 1999 actuarial valuation and supporting schedules of this certification have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(13) and assumptions which are appropriate for the purposes of this valuation. The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions which were prepared for the Financial Section of this report. Furthermore, we certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,

Charles G. Hall

Charles G. Hall, FCA,MAAA,ASA
Consulting Actuary

CGH/tt

SUMMARY OF ASSUMPTIONS

The following assumptions were adopted by the Board of Trustees of the Teachers' Retirement System of Louisiana (TRSL) based on the 1981-1986 actuarial experience study with supplemental revision in 1990 and other Board action.

I. General Actuarial Method

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a forty-year period commencing in 1989. The amortization payment reflects a 4 percent increase for the first five years, reducing by .5 percent at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988 are amortized as a level dollar amount as follows:

	ACT 81 Effective 6/30/88	AS AMENDED ACT 257 Effective 6/30/92
Experience Gains/(Losses)	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	determined by enabling statute	

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a percentage of payroll. Discrepancy between dollars generated by percentage of payroll versus the required dollar amount are treated as a short-fall credit/(debit) and applied to the following year's contribution requirement.

Asset Valuation Method: Assets are valued on a basis which reflects a four-year moving weighted average value between market value and cost value. Prior to July 1, 1997, fixed income securities were valued at amortized cost.

Valuation Data: The administrative staff of TRSL furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The book value and market value of System assets are provided by the administrative staff of TRSL. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

II. Economic Assumptions

Investment Return: 8.25 percent per annum, compounded annually.

Employee Salary Increases: Incorporated in the following salary scales is an explicit 4.5 percent portion attributable to the effects on salaries, based upon years of service:

Regular Teachers - range	5.75% - 8.95%
School Lunch - range	4.75% - 9.35%

	Teachers	School Lunch A	School Lunch B
Duration 1 yr.	8.95%	9.35%	9.35%
5 yr.	7.35%	6.45%	7.25%
10 yr.	7.25%	6.25%	6.25%
15 yr.	5.75%	7.75%	6.75%
20 yr.	5.75%	6.25%	6.25%
25 yr.	5.75%	7.25%	5.75%
30 yr.	6.25%	4.75%	5.75%

The active member population is assumed to remain constant.

III. Decrement Assumptions

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female ages set at attained age plus one.

SUMMARY OF ASSUMPTIONS (Continued)

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 1981-1986 disability experience of the Retirement System. Rates were projected separately for School Lunch Employees. Mortality after disability are based on the Eleventh Actuarial Valuation of the Railroad Retirement System for permanent disabilities.

	Teachers	School Lunch A	School Lunch B
Age 25	.00%	.02%	.20%
30	.03%	.02%	.20%
35	.10%	.39%	.20%
40	.19%	.64%	.20%
45	.25%	1.34%	.20%
50	.42%	3.02%	1.10%
55	.46%	2.20%	.72%

Termination Assumptions: Voluntary withdrawal rates are derived from the 1981-1986 termination experience study.

	Teachers	School Lunch A	School Lunch B
Duration 1 yr.	9.9%	7.1%	5.7%
5 yr.	7.6%	6.4%	6.7%
10 yr.	3.0%	3.5%	1.8%
15 yr.	1.3%	2.6%	4.0%
20 yr.	0.5%	3.8%	1.8%
25 yr.	0.5%	5.1%	2.9%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80 percent will not withdraw their accumulated employee contributions.

Retirement Assumptions: Retirement rates were projected based upon the 1981-1986 experience study.

	Teachers	School Lunch A	School Lunch B
Age 50	5%	36%	0%
51	8%	17%	0%
52	9%	44%	0%
53	9%	10%	0%
54	17%	20%	0%
55	15%	38%	34%
56	14%	23%	20%
57	16%	27%	24%
58	15%	30%	15%
59	20%	44%	39%
60	14%	36%	21%
61	17%	25%	23%
62	18%	34%	29%
63	20%	21%	25%
64	32%	30%	25%
65	23%	42%	44%
66	23%	27%	33%
67	26%	23%	34%
68	29%	29%	31%
69	52%	50%	56%
70	99%	54%	66%

SUMMARY OF UNFUNDED ACTUARIAL LIABILITIES/SALARY TEST
(in millions of dollars)

VALUATION DATE	(1) ACTIVE MEMBER CONTRIBUTION	(2) RETIREES TERM. VESTED INACTIVE	(3) ACTIVE MEMBERS EMPLOYER FIN. PORTION	ACTUARIAL VALUATION ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY ASSETS		
					(1)	(2)	(3)
1990	$ 1,178.4	$ 3,194.2	$3,435.2	$ 3,657.1	100%	78%	0%
1991	1,265.2	3,371.5	3,818.9	4,079.7	100%	83%	0%
1992	1,363.3	3,716.2	3,966.4	4,576.5	100%	95%	0%
1993	1,424.0	4,158.5	3,484.4	5,129.5	100%	89%	0%
1994	1,481.7	4,552.1	3,428.6	5,699.6	100%	93%	0%
1995	1,489.5	5,119.8	3,496.0	6,275.3	100%	93%	0%
1996	1,495.4	5,917.2	3,820.2	7,056.6	100%	94%	0%
1997	1,572.6	6,408.6	4,095.4	7,752.6	100%	97%	0%
1998	1,641.6	7,218.8	4,324.6	9,071.7	100%	100%	5%
1999	1,684.3	7,929.4	4,299.5	10,092.1	100%	100%	11%

SUMMARY OF ACTUARIAL AND UNFUNDED ACTUARIAL LIABILITIES
(in millions of dollars)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES	ACTUARIAL VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED AAL	ACTIVE MEMBER PAYROLL	UNFUNDED AAL AS A % OF ACTIVE PAYROLL
1990	$ 7,808.0	$ 3,657.1	46.8	$4,150.9	$2,041.1	203.4%
1991	8,455.6	4,079.7	48.2	4,375.9	2,133.1	205.1%
1992	9,046.0	4,576.6	50.6	4,469.4	2,181.7	204.9%
1993	9,522.4	5,129.5	53.9	4,392.9	2,176.4	201.8%
1994	9,928.5	5,699.6	57.4	4,228.8	2,198.3	192.4%
1995	10,570.3	6,275.3	59.4	4,294.9	2,199.1	195.3%
1996	11,232.8	7,056.6	62.8	4,176.1	2,254.3	185.3%
1997	12,077.6	7,752.6	64.2	4,325.1	2,337.5	185.0%
1998	13,185.2	9,071.7	68.8	4,113.4	2,485.1	165.5%
1999	13,913.4	10,092.1	72.5	3,821.3	2,569.5	148.7%

ACTUARIAL VALUATION BALANCE SHEET
AS OF JUNE 30, 1999 AND 1998

	1999	1998
ASSETS		
PRESENT ASSETS CREDITABLE TO:		
Members' Savings Account	$ 1,684,349,474	$ 1,641,594,853
Annuity Reserve Account	8,407,744,060	7,430,153,856
TOTAL PRESENT ASSETS	10,092,093,534	9,071,748,709
PRESENT VALUE OF PROSPECTIVE CONTRIBUTIONS PAYABLE TO:		
Members' Savings Account	2,044,771,114	2,000,074,184
Annuity Reserve Account		
Normal	1,797,790,242	1,759,191,245
Accrued Liability	4,062,157,128	4,367,074,148
TOTAL PROSPECTIVE CONTRIBUTIONS	7,904,718,484	8,126,339,577
TOTAL ASSETS	$17,996,812,018	$17,198,088,286
LIABILITIES		
PRESENT VALUE OF PROSPECTIVE BENEFITS PAYABLE ON ACCOUNT OF:		
Current Retiree Members	$ 7,843,920,718	$ 7,138,241,452
Current Active Members	10,067,392,707	9,979,217,833
Deferred Vested & Reciprocal Members	85,498,593	80,629,001
TOTAL LIABILITIES	$17,996,812,018	$17,198,088,286

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Thousands)

	FISCAL YEAR ENDING			
	1999	1998	1997	1996
Unfunded Actuarial Liability at beginning of Fiscal Year (7/1)	$4,329,942	$4,504,307	$4,336,502	$4,405,746
Interest on Unfunded Liability	357,220	371,605	357,761	363,474
Investment Experience (gains) decreases UAL	(506,413)	(946,543)	(314,183)	(542,995)
Plan Experience (gains) decreases UAL	(69,899)	200,918	231,278	83,860
Employer Amortization Payments (payments) decreases UAL	(257,653)	(265,575)	(253,783)	(251,883)
Employer Contribution Variance (excess contributions) decreases UAL	(38,284)	(8,041)	2,036	6,802
Experience Account Allocation (allocations) decreases UAL	253,206	473,271	157,092	271,497
Other - miscellaneous gains and losses from transfers or Acts of the Legislature	0	0	(12,395)	0
Unfunded Actuarial Liability at end of Fiscal Year (6/30)	$4,068,119	$4,329,942	$4,504,308	$4,336,501

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
JUNE 30, 1999

	DATE 6/30	DESCRIPTION	AMORTIZATION METHOD	AMORTIZATION PERIOD	INITIAL LIABILITY	YEARS REMAIN	REMAINING BALANCE	MID-YEAR PAYMENT
1)	1993	Initial Liability	I	36	$4,922,538,457	30	$5,820,086,385	$316,520,993
2)	1993	Change in Liability	I	36	(448,562,259)	30	(530,350,574)	(29,284,542)
3)	1993	Change in Liability	I	36	60,046,089	30	70,994,555	3,920,130
4)	1993	Change in Liability	I	36	75,108,168	30	88,802,968	4,903,463
5)	1992	Legislative COLA	L	11	95,039,000	4	44,382,440	12,950,983
6)	1993	Change in Liability	I	36	(109,479,805)	30	(129,441,736)	(7,147,427)
7)	1993	Change in Liability	I	36	(210,900,586)	30	(249,355,011)	(13,768,717)
8)	1994	Change in Liability	I	35	(222,094,335)	30	(254,857,223)	(14,072,535)
9)	1995	Change in Liability	I	34	(9,030,124)	30	(10,064,339)	(555,726)
10)	1996	Change in Liability	I	33	(187,637,521)	30	(203,271,834)	(11,224,128)
11)	1997	Change in Liability	I	32	61,791,993	30	65,119,731	3,595,738
12)	1998	Change in Liability	I	31	(272,354,123)	30	(279,459,761)	(15,431,021)
13)	1999	Change in Liability	I	30	(323,105,520)	30	(323,105,520)	(17,841,023)
			TOTAL OUTSTANDING BALANCE				4,109,480,081	$232,566,188
			EMPLOYER'S CREDIT BALANCE					
	1995	Contribution Variance	L	5	(3,229,842)	1	(763,859)	(794,744)
	1996	Contribution Variance	L	5	6,802,212	2	3,047,667	1,648,255
	1997	Contribution Variance	L	5	2,035,880	3	1,316,786	493,317
	1998	Contribution Variance	L	5	(8,041,266)	4	(6,677,396)	(1,948,492)
	1999	Contribution Variance	L	5	(38,284,189)	5	(38,284,189)	(9,276,704)
			TOTAL EMPLOYER'S CREDIT BALANCE				(41,360,991)	$ (9,878,368)
			TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY				$4,068,119,090	

MEMBERSHIP DATA

Data regarding the membership of TRSL for valuation were furnished by TRSL.

Active Members	1999 Census	1999 Average Salaries	1998 Census	1998 Average Salaries
Regular Teachers	78,329	$29,066	75,852	$27,942
University Members	5,251	45,869	5,450	47,637
School Lunch A	1,353	15,575	1,622	14,993
School Lunch B	2,196	12,239	2,289	12,257
Post DROP				
TOTAL	87,129	$29,444	85,213	$28,695
Males (%)	17.7%		18.1%	
Females (%)	82.3%		81.9%	

Valuations' salaries were $2,569,479,558 for 1999 and $2,485,058,085 for 1998.

Inactive Members	1999 Census	1998 Census
Due Refunds	6,493	6,963
Vested & Reciprocals	597	495

Annuitants and Survivors	1999 Census	1999 Average Annual Annuities	1998 Census	1998 Average Annual Annuities
Retirees	36,970	$16,853	35,663	$16,304
Disabilities	3,343	9,317	3,273	9,276
Survivors	3,640	11,920	3,436	11,643
DROP	3,683	24,354	3,195	23,929
TOTAL	47,636	$16,527	45,567	$15,982

HISTORICAL MEMBERSHIP DATA

History of Active Membership Data
For Last 10 Years

YEAR ENDED 6/30	NUMBER OF ACTIVE MEMBERS	PERCENTAGE CHANGE IN MEMBERSHIP	ANNUAL ACTIVE MEMBER PAYROLL (Thousands)	PERCENTAGE CHANGE IN PAYROLL
1990	87,362		2,041,067	
1991	87,493	0.15%	2,133,107	4.5%
1992	86,244	(1.43%)	2,181,712	2.3%
1993	85,143	(1.27%)	2,176,372	(0.2%)
1994	86,079	1.10%	2,198,302	1.0%
1995	84,671	(1.64%)	2,199,137	0.0%
1996	85,523	1.01%	2,254,304	2.5%
1997	86,401	1.03%	2,337,574	3.7%
1998	87,193	.92%	2,485,058	6.3%
1999	87,129	(0.07%)	2,569,480	3.4%

History of Annuitants and Survivor Annuitant Membership
For Last 10 Years

YEAR ENDED 6/30	NUMBER OF ANNUITANTS	ADDITIONS	DELETIONS	PERCENTAGE CHANGE IN MEMBERSHIP	ANNUAL ANNUITIES (Thousands)	PERCENTAGE CHANGE IN ANNUITIES
1990	31,713	2,191	1,050		367,208	
1991	32,857	2,210	1,066	3.61%	388,990	5.93%
1992	34,276	2,523	1,104	4.32%	429,109	10.31%
1993	35,357	2,281	1,200	3.15%	448,675	4.56%
1994	36,441	2,266	1,182	3.07%	467,689	4.24%
1995	37,952	2,778	1,267	4.15%	530,856	13.50%
1996	39,302	2,678	1,328	3.56%	559,883	5.50%
1997	40,676	2,925	1,551	3.50%	588,928	5.20%
1998	42,445	3,404	1,635	4.35%	651,822	10.68%
1999	43,955	3,061	1,551	3.56%	697,376	6.99%

PRINCIPLE PROVISIONS OF THE PLAN

The Teachers' Retirement System of Louisiana (TRSL) was enacted by Act No. 83 in 1936. Initially, the plan covered classroom teachers (Regular Plan), but membership has expanded to participating agencies, and the merger of School Lunch Employees. Employees of school food services that have not terminated their agreement with the Department of Health, Education and Welfare participate in (PLAN A). Food service programs of school without agreements enroll employees in (PLAN B).

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment. TRSL is a defined benefit plan and is funded on an actuarial reserve basis to fund benefits as prescribed by law.

Administration

The plan is governed by Title 11 Sections 700-999 of the Louisiana Revised Statutes. The Board of Trustees is composed of seventeen members; one elected member from each of the seven districts, one elected member from school food service employees, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, two elected retired members, and four ex officio members. Elected members serve staggered four terms. The State of Louisiana Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee and State Superintendent of Public Education serve as ex officio members.

The Board of Trustees appoints a Director who is responsible for the operation of the System. The Board also retains other consultants as deemed necessary. Administrative expenses are paid entirely from investment earnings.

Member Contributions

Members contribute a percentage of their gross compensation, depending on plan participation:

REGULAR PLAN	PLAN A	PLAN B
8%	9.1%	5%

Member contributions have been tax-deferred for federal income tax purposes since July 1, 1988. Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits.

Employer Contributions

All participating employers, regardless of plan participation, contribute a percentage of their total gross payroll to the System. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the System's unfunded liability as required by law. The rate is determined annually and recommended by the Public Employees' Retirement System's Actuarial Committee to the State Legislature.

Termination

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with 10 years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and met both age and service eligibility requirements.

Normal Retirement

Regular Plan - A member may retire with a 2.5 percent annual accrual rate at age 55 with 25 years of service, age 65 with 20 years of service or at any age with 30 years of service. Members may retire with a 2 percent annual accrual rate at age 60 with 10 years of service or at any age with 20 years of service.

Plan A - A member may retire with a 3.0 percent annual accrual rate at age 55 with 25 years of service, age 60 with 10 years of service or 30 years of service, regardless of age.

PRINCIPLE PROVISIONS OF THE PLAN (Continued)

Plan B - A member may retire with a 2.0 percent annual accrual rate at age 55 with 30 years of service, or age 60 with 10 years of service. Benefits are reduced by 3 percent for each year under age 62 at retirement unless the member has 25 years of creditable service.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. Final average compensation is obtained by dividing total compensation for the highest successive thirty-six month period.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump sum payment which cannot exceed 36 monthly benefit payments.

Deferred Retirement Option Program (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit plus post-DROP accruals, plus the individual DROP account balance which can be paid in a lump sum, or an additional annuity based upon the account balance.

Disability Retirement Benefits

Active members with five or more years of service credit are eligible for disability retirement benefits if certified by the medical board to be disabled from performing their job.

Regular Plan - An eligible member shall be entitled to a pension equal to 2-1/2 percent of average compensation; however, in no event shall the disability benefit be less than the lesser of (a) 40 percent of the state minimum salary for a beginning teacher with a bachelor's degree, or (b) 75 percent of average compensation.

Plan A - An eligible member shall be entitled to a service retirement benefit, but not less than 60 percent, nor more than 100 percent of final average compensation.

Plan B - An eligible member shall be entitled to a service retirement benefit, but not less than 30 percent, nor more than 75 percent of final average compensation.

Survivor Benefits

A surviving spouse with minor children of an active member with 5 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $300 per month, or (b) 50 percent of the member's benefit calculated at the 2-1/2 percent accrual rate for all creditable service.

Each minor child (maximum of 2) shall receive an amount equal to 50 percent of the spouse's benefit. Benefits to minors cease at attainment of age 18, marriage or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $300 per month, or (b) 50 percent of the member's benefit calculated at the 2-1/2 percent accrual rate for all creditable service.

Post-Retirement Increases

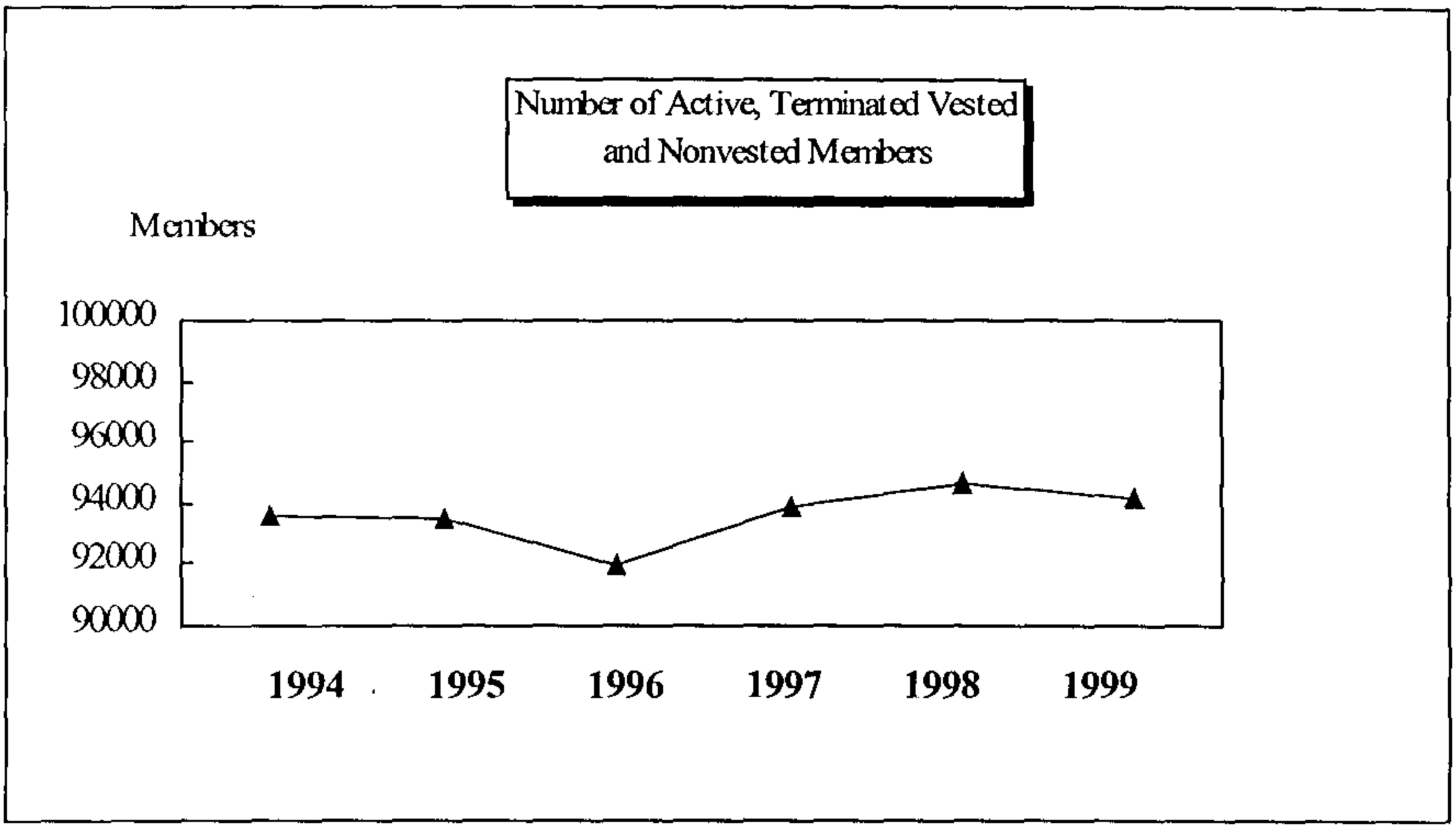
Cost-of-living adjustments (COLA's) are permitted provided there are sufficient funds in the Experience Account to fund the increase in the retiree reserves. The Experience Account is credited with 50 percent of the excess investment income over the actuarial valuation rate and is debited 50 percent of the deficit investment income and distributions for COLA's approved by the Board of Trustees as provided by law.

STATISTICAL SECTION

- **Six Year Information on Selected Data**
- **Schedule of Participating Employers**
- **Maps:**
  - **State of Louisiana/Total Active Members**
  - **Location of TRSL Retirees Worldwide**

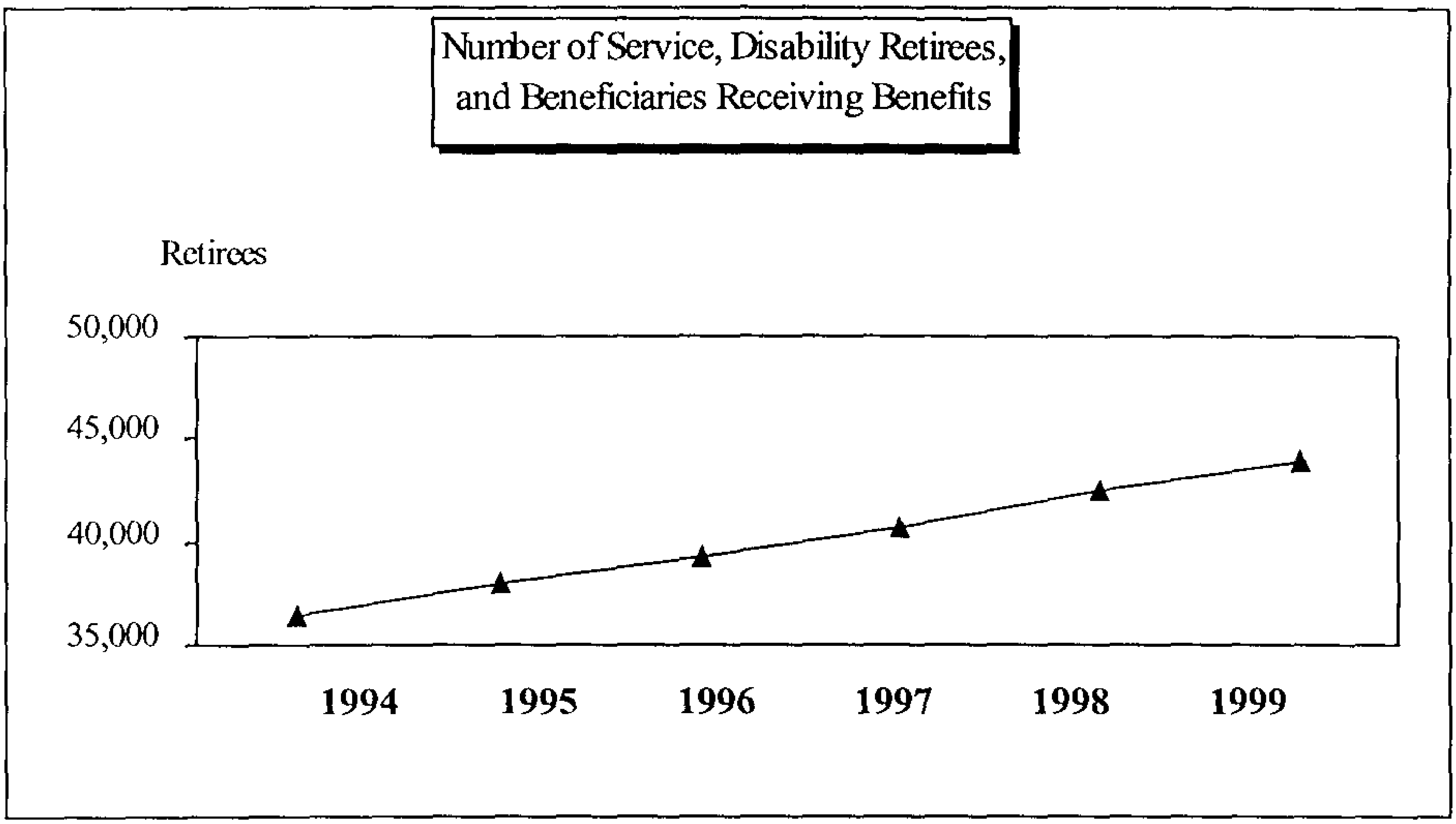
NUMBER OF ACTIVE, TERMINATED VESTED AND NONVESTED MEMBERS

Fiscal Year	Members	% Increase Each Year
1993-1994	93,555	
1994-1995	93,521	0.0%
1995-1996	91,970	(1.7%)
1996-1997	93,927	2.1%
1997-1998	94,651	0.8%
1998-1999	94,219	(0.5%)



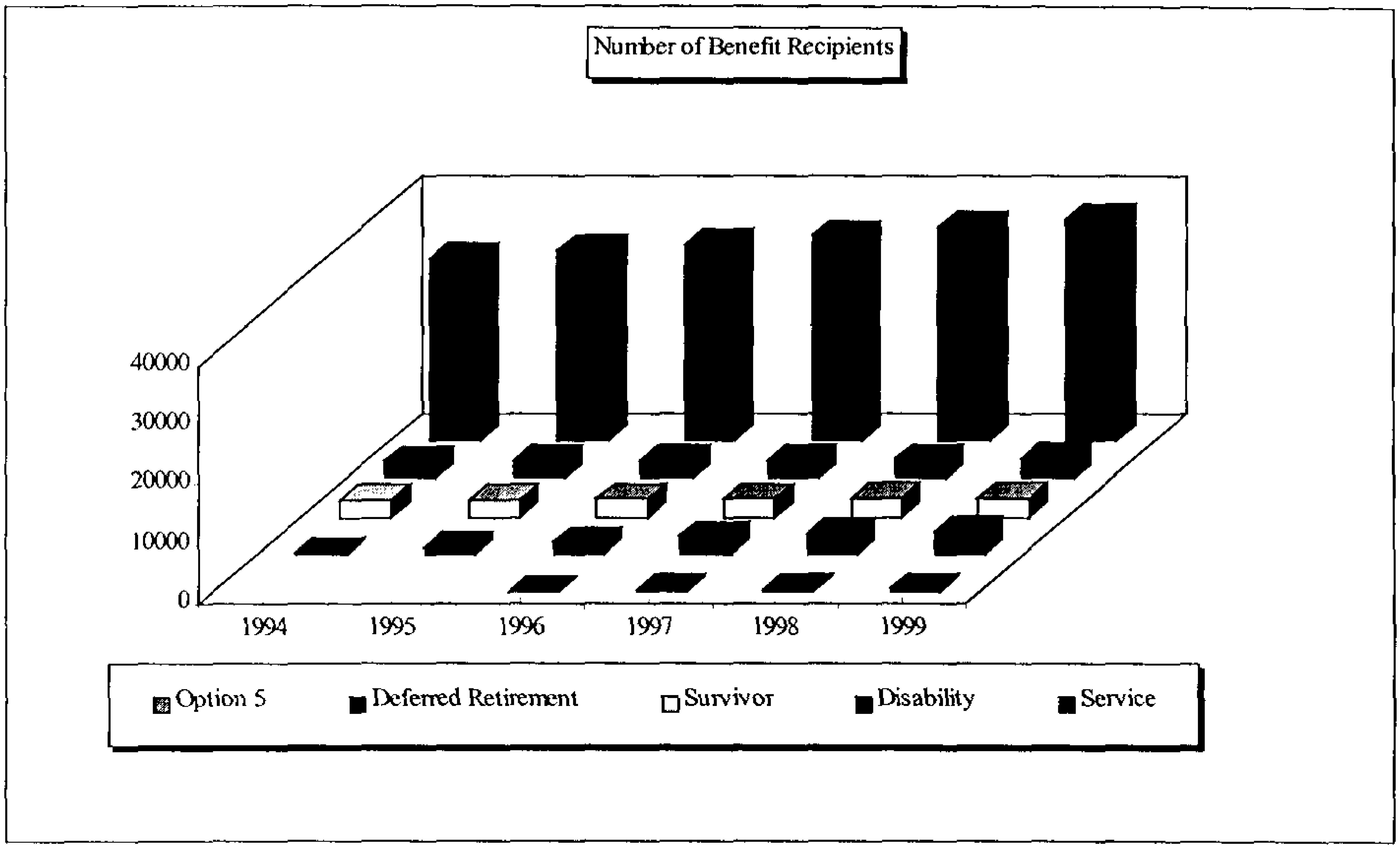
NUMBER OF SERVICE RETIREES, DISABILITY RETIREES, AND BENEFICIARIES RECEIVING BENEFITS

Fiscal Year	Retirees	% Increase Each Year
1993-1994	36,441	
1994-1995	37,952	4.2%
1995-1996	39,302	3.6%
1996-1997	40,676	3.5%
1997-1998	42,445	4.4%
1998-1999	43,955	3.6%



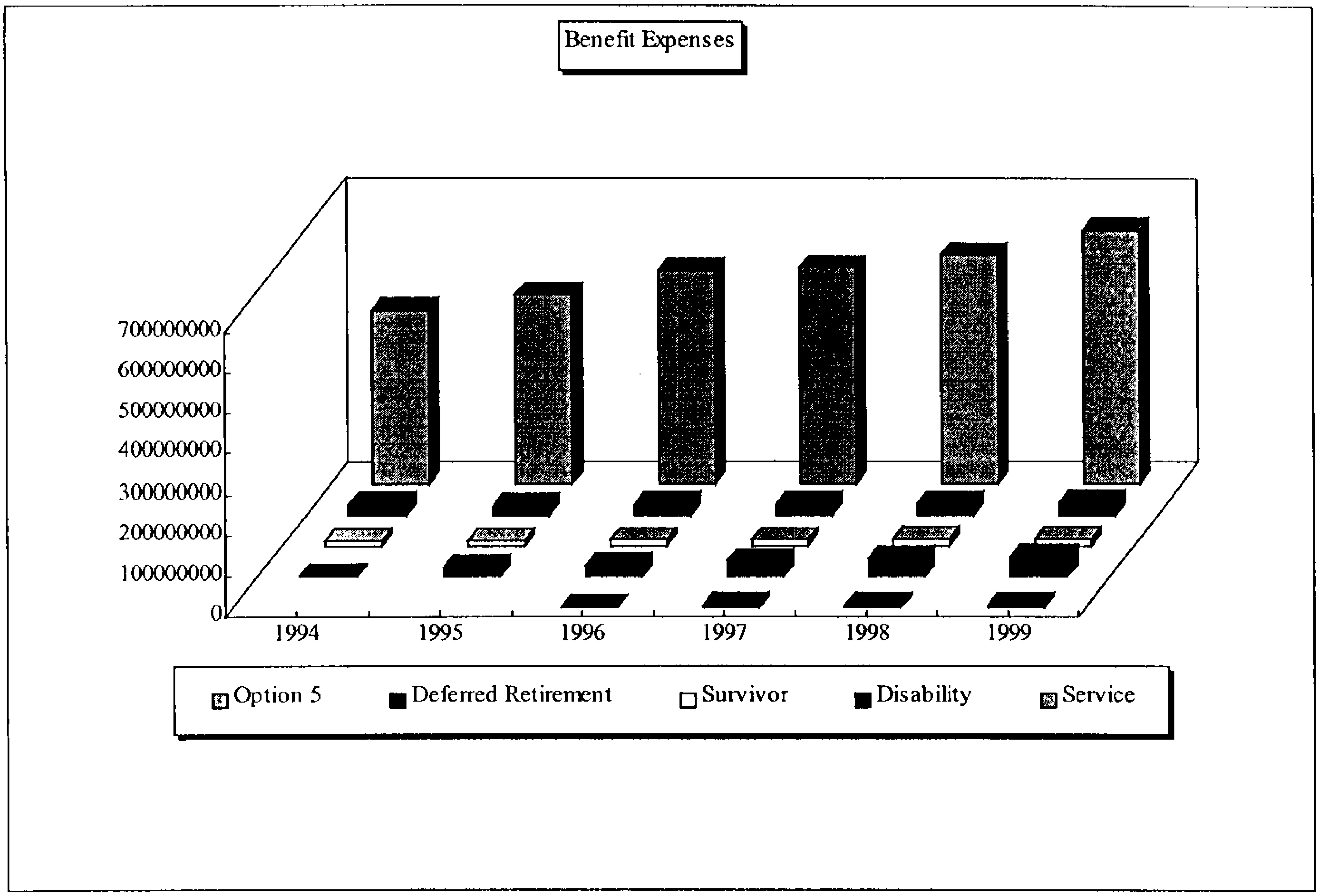
NUMBER OF BENEFIT RECIPIENTS

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Option 5	Total
1993-1994	30,597	2,990	2,854	265	0	36,706
1994-1995	31,942	3,050	2,960	1,260	0	39,212
1995-1996	33,077	3,160	3,065	2,116	22	41,440
1996-1997	34,412	3,173	3,091	3,178	412	44,266
1997-1998	35,866	3,311	3,268	3,698	461	46,604
1998-1999	37,341	3,354	3,260	4,038	654	48,647



BENEFIT EXPENSES

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Option 5	Total
1993-1994	$427,367,318	$28,178,065	$14,089,032	$ 3,940,030	$ 0	$473,574,445
1994-1995	465,239,170	25,284,738	15,170,843	25,092,013	0	530,786,764
1995-1996	524,065,924	28,481,844	17,089,106	27,663,913	540,204	597,840,991
1996-1997	531,639,544	28,893,453	17,336,072	39,260,488	7,607,232	624,736,789
1997-1998	562,679,269	30,580,395	18,348,237	46,266,624	6,272,739	664,147,264
1998-1999	622,387,271	33,825,395	20,295,237	51,764,526	7,055,920	735,328,349



AVERAGE MONTHLY PENSION BENEFIT

Fiscal Year	Average Monthly Benefit	% Increase Each Year
1993-1994	1,074	
1994-1995	1,110	3.4%
1995-1996	1,208	8.8%
1996-1997	1,184	(2.0%)
1997-1998	1,201	1.4%
1998-1999	1,283	6.8%

NUMBER OF REFUNDS OF CONTRIBUTIONS

Fiscal Year	Number of Refunds	% Increase Each Year
1993-1994	3,590	
1994-1995	4,176	16.3%
1995-1996	4,160	(0.4%)
1996-1997	5,540	33.2%
1997-1998	4,534	(18.2%)
1998-1999	4,160	(8.2%)

NUMBER OF STAFF POSITIONS

Fiscal Year	Staff	% Increase Each Year
1993-1994	102	
1994-1995	102	0.0%
1995-1996	106	3.9%
1996-1997	116	9.4%
1997-1998	116	0.0%
1998-1999	122	5.2%

REVENUES BY SOURCE

Fiscal Year	Member Contributions	Employer Contributions	ORP Contributions Retained	Statutory Dedication of Mineral Revenue Audit and Settlement Receipts	Casino Gaming Proceeds	Investment Income	Other Operating Revenues	Total
1993-1994	$174,424,707	$352,371,358	$16,474,847	$77,185,060	$ 0	$ 415,181,418	$183,937	$1,035,821,327
1994-1995 *	177,820,544	356,662,854	18,674,063	29,175,481	19,322,208	918,349,650	317,905	1,520,322,705
1995-1996	182,144,749	372,728,942	21,197,751	29,175,475	0	970,634,468	965,697	1,576,847,082
1996-1997	191,704,402	387,153,226	24,551,761	0	0	1,244,291,864	924,648	1,848,625,901
1997-1998	208,275,106	422,452,766	27,318,857	0	0	1,606,741,489	741,679	2,265,529,897
1998-1999	216,102,491	442,793,009	30,017,065	0	0	931,939,036	811,363	1,621,662,964

EXPENSES BY TYPE

Fiscal Year	Benefits	Refunds	Administrative Expenses	Depreciation Expense	Other Operating Expenses	Total
1993-1994	$473,574,445	$16,176,563	$4,586,676	$376,476	$270,613	$494,984,773
1994-1995 *	530,786,764	18,708,082	4,859,492	374,890	0	554,729,228
1995-1996	597,840,991	18,536,343	5,208,861	391,098	0	621,977,293
1996-1997	624,736,789	20,869,261	5,565,516	418,534	0	651,590,100
1997-1998	664,147,264	21,360,841	6,173,891	531,364	0	692,213,360
1998-1999	735,328,349	21,238,599	6,613,935	430,497	0	763,611,380

*NOTE: Prior to the adoption of GASB Statement No. 25, the Revenues By Source and Expenses By Type were prepared under the criteria of NCGA Statement 6 and GASB Statement No. 5.

SCHEDULE OF PARTICIPATING EMPLOYERS

SCHOOL BOARDS -
Acadia Parish School Board
Allen Parish School Board
Ascension Parish School Board
Assumption Parish School Board
Avoyelles Parish School Board
Beauregard Parish School Board
Bienville Parish School Board
Bossier Parish School Board
Caddo Parish School Board
Calcasieu Parish School Board
Caldwell Parish School Board
Cameron Parish School Board
Catahoula Parish School Board
Claiborne Parish School Board
Concordia Parish School Board
DeSoto Parish School Board
East Baton Rouge Parish School Board
East Carroll Parish School Board
East Feliciana Parish School Board
Evangeline Parish School Board
Franklin Parish School Board
Grant Parish School Board
Iberia Parish School Board
Iberville Parish School Board
Jackson Parish School Board
Jefferson Parish School Board
Jefferson Davis Parish School Board
Lafayette Parish School Board
Lafourche Parish School Board
LaSalle Parish School Board
Lincoln Parish School Board
Livingston Parish School Board
Madison Parish School Board
Morehouse Parish School Board
Natchitoches Parish School Board
Orleans Parish School Board
Ouachita Parish School Board
Plaquemines Parish School Board
Pointe Coupee Parish School Board
Rapides Parish School Board
Red River Parish School Board
Richland Parish School Board
Sabine Parish School Board
Saint Bernard Parish School Board
Saint Charles Parish School Board
Saint Helena Parish School Board
Saint James Parish School Board
Saint John the Baptist Parish School Board
Saint Landry Parish School Board
Saint Martin Parish School Board
Saint Mary Parish School Board
Saint Tammany Parish School Board
Tangipahoa Parish School Board
Tensas Parish School Board
Terrebonne Parish School Board
Union Parish School Board
Vermilion Parish School Board
Vernon Parish School Board
Washington Parish School Board
Webster Parish School Board

SCHOOL BOARDS (Continued) -
West Baton Rouge Parish School Board
West Carroll Parish School Board
West Feliciana Parish School Board
Winn Parish School Board
Bogalusa City Schools
Monroe City Schools

COLLEGES AND UNIVERSITIES -
Louisiana Tech University
Northwestern State University of Louisiana
Louisiana State University-Baton Rouge
University of New Orleans
Louisiana State University Medical Center-New Orleans
Nicholls State University
Southeastern Louisiana University
University of Southwestern Louisiana
Grambling State University
Southern University and A&M College-Baton Rouge
Southern University and A&M College-New Orleans
Southern University Shreveport-Bossier City
Delgado Community College
McNeese State University
Northeast Louisiana University
Louisiana State University-Shreveport
Louisiana State University Medical Center-Shreveport
Elaine P. Nunez Community College
Bossier Parish Community College

VOCATIONAL TECHNICAL SCHOOLS -
Huey P. Long Technical College
T. H. Harris Technical College
Natchitoches Technical College, Region 7
Shreveport-Bossier Regional Technical College
Acadian Technical College
Sowela Regional Technical College
Sullivan Technical College
Jefferson Technical College
South Louisiana Regional Technical College
Baton Rouge Regional Technical College
Delta-Ouachita Regional Technical College
Alexandria Regional Technical College
Teche Area Technical College
Northwest Louisiana Technical College
Sabine Valley Technical College
Florida Parishes Technical College
North Central Technical College
Gulf Area Technical College
Sidney N. Collier Technical College
Young Memorial Technical College
Hammond Area Technical College
Evangeline Technical College
Westside Technical College
Northeast Louisiana Technical College
Avoyelles Technical College
Slidell Technical College
West Jefferson Technical College
Charles B. Coreil Technical College
Tallulah Technical College
Jumonville Technical College
Morgan Smith Technical College
Louisiana Technical Resource Center

SCHEDULE OF PARTICIPATING EMPLOYERS (Continued)

VOCATIONAL TECHNICAL SCHOOLS (Continued) -
Folkes Technical College
River Parishes Technical College
Ruston Technical College, Region 7
Oakdale Technical College
Bastrop Technical College
Mansfield Technical College
Lamar Salter Technical College
Ascension Technical College
Lafayette Regional Technical College
Shelby M. Jackson Memorial Technical College
Regional Management Center 8-Monroe
Lafourche Technical College, North Campus

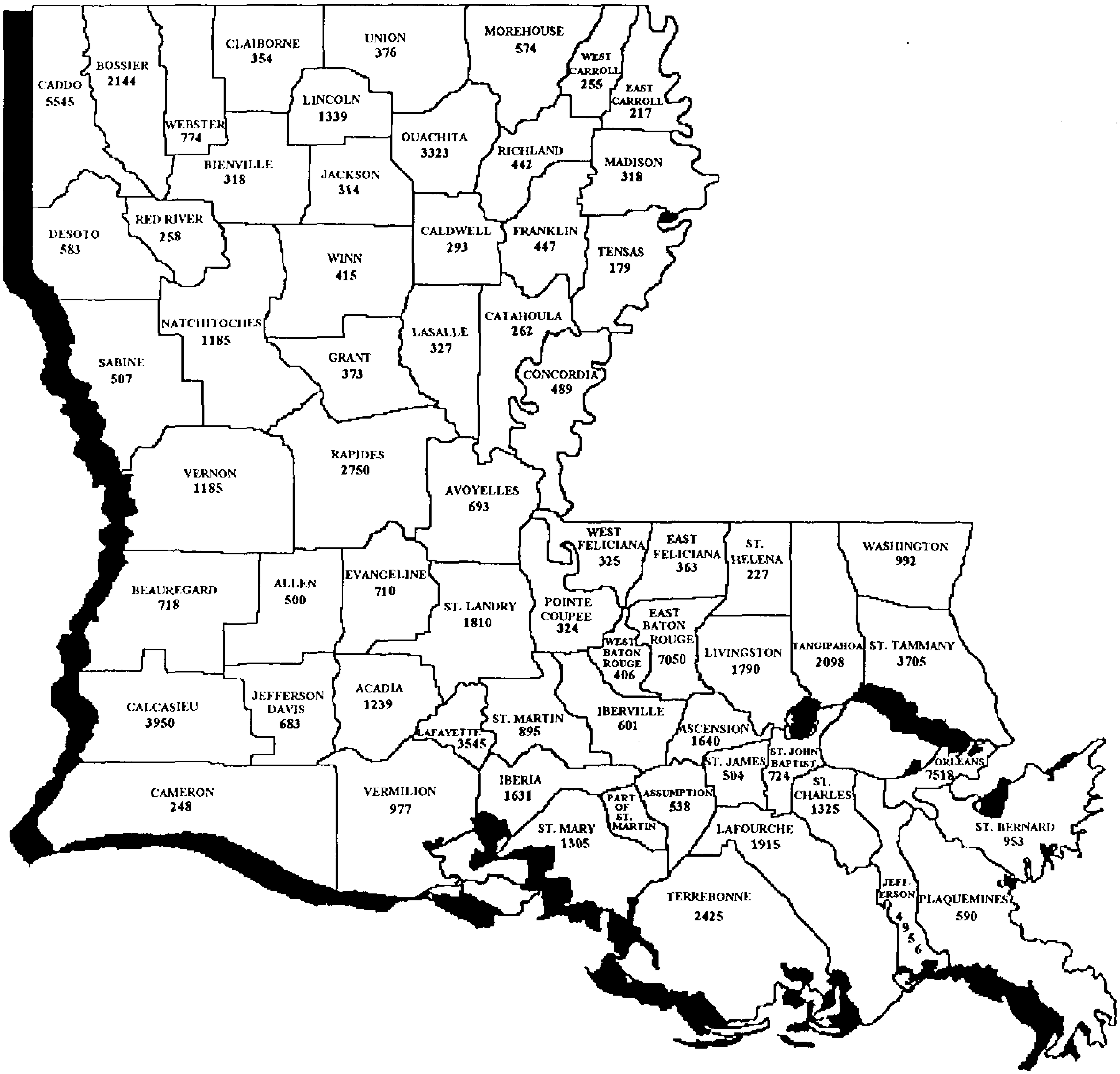
STATE AGENCIES -
Louisiana Department of Education
Louisiana School for the Visually Impaired
Louisiana School for the Deaf
Teachers' Retirement System of Louisiana
Louisiana School Employees' Retirement System
Louisiana State Employees' Retirement System
Louisiana Department of Social Services
Hammond Developmental Center
Southwest Louisiana Developmental Center
Pinecrest Developmental Center
Louisiana Department of Agriculture and Forestry
Louisiana Division of Administration
Louisiana State Senate
Louisiana House of Representatives
Louisiana Department of Wildlife and Fisheries
Louisiana Department of Health and Hospitals
Medical Center of Louisiana-New Orleans
University Medical Center-Lafayette
Louisiana Department of Insurance
Louisiana Department of Military
Department of Veterans Affairs
Office of the Legislative Auditor
Office of the Lieutenant Governor
Washington-Saint Tammany Regional Medical Center
Louisiana Department of Labor
Treasury Department
Louisiana Department of Public Safety
Louisiana Department of Corrections
University of Louisiana System
Louisiana Department of Environmental Quality
Louisiana Department of Transportation and Development

OTHER -
Louisiana Association of Educators

OTHER (Continued) -
Louisiana Special Education Center
Louisiana School for Math, Science, and Arts
Louisiana High School Athletic Association
Saint Tammany Federation of Teachers
Louisiana State Board of Elementary and Secondary Education
United Teachers of New Orleans
Louisiana Federation of Teachers
Special Education District #1
Rapides Federation of Teachers/School Employees
Louisiana Board of Regents
W. O. Moss Regional Hospital
Associated Professional Educators of Louisiana
Louisiana Educational Television Authority
Louisiana Universities Marine Consortium
Court of Appeal, Fourth Circuit
Jefferson Parish Council
Louisiana Systematic Initiative Program
E. A. Conway Medical Center
Leonard J. Chabert Medical Center
Earl K. Long Medical Center
Huey P. Long Medical Center
Ware Youth Center
Southeast Louisiana Hospital
Louisiana State University/Lallie Kemp Medical Center
UTNO Health and Welfare Fund
Greenwell Springs Hospital
Jefferson Parish Human Services Authority
Caddo Federation of Teachers
Saint Bernard Port, Harbor and Terminal District
New Vision Learning Academy
Saint Landry Charter School
Webster Parish Sales Tax Commission

STATE OF LOUISIANA

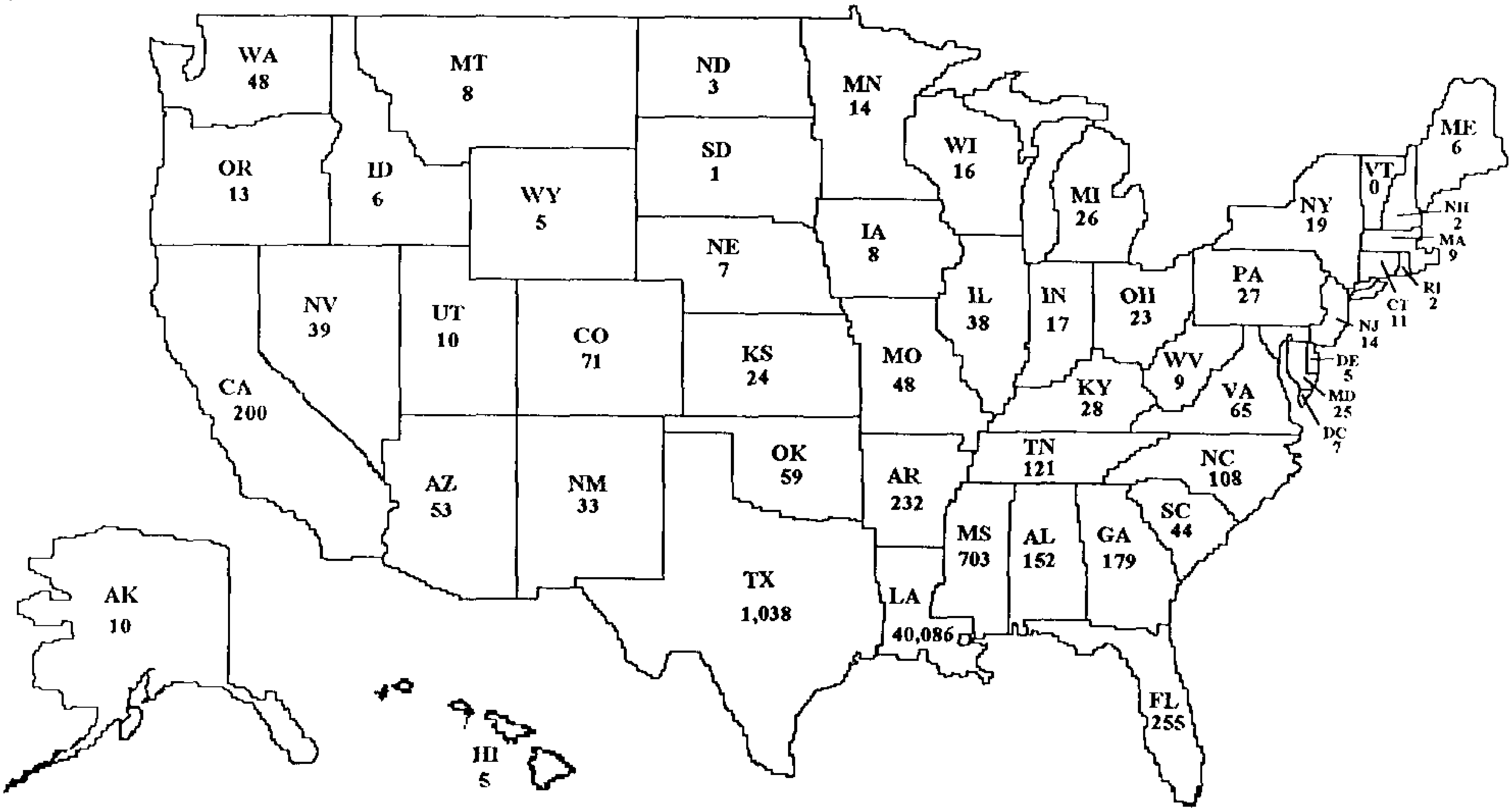
TOTAL ACTIVE MEMBERS - 85,419



***INCLUDES ALL EMPLOYING AGENCIES LOCATED WITHIN EACH PARISH**

LOCATION OF TRSL RETIREES WORLDWIDE

(Total Number of Retirees 43,955)



U.S. OVERSEAS MILITARY BASES	6
U.S. POSSESSIONS	
GUAM	1
VIRGIN ISLANDS	1
FOREIGN COUNTRIES	
CANADA	3
COSTA RICA	1
ENGLAND	1
GERMANY	3
GREECE	2
MEXICO	2
RUSSIA	1
SWITZERLAND	1
THE NETHERLANDS	1

ALTERNATIVE RETIREMENT PLANS

- **Optional Retirement Plan**
- **Deferred Retirement Optional Plan**
- **Option 5**

OPTIONAL RETIREMENT PLAN

The Optional Retirement Plan (ORP) was created by La. R.S. 11:921 and implemented on July 1, 1990. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. Participants who are eligible for membership in the Teachers' Retirement System of Louisiana (TRSL) can make an irrevocable election to participate in the ORP, a defined contribution plan, rather than the TRSL defined benefit plan.

The ORP was modified by legislation passed in the 1995 session. The new act allowed ORP members to continue their participation in the ORP if they assumed a position at a school board or other agency that was covered by TRSL even though that agency was not an institution of higher education. Prior to the passage of this legislation, ORP members who terminated employment at an institution of higher education were ineligible to continue their ORP membership if they were employed outside higher education. This presented an inequity for those members as they were ineligible to ever participate in the regular retirement plan of TRSL.

The ORP provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the Board of Trustees of Teachers' Retirement System of Louisiana. Monthly contributions, remitted by both the employers and the employees, are invested to provide the employees with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employees' working lifetime.

Employees participating in the ORP select individual annuity contracts which may be fixed or variable or both. In the fixed annuity, contributions are allowed to accumulate over a period of years until retirement and earn interest at varying amounts dependent upon prevailing market rates. As a conservative investment, the fixed annuity provides for both the return of principal and payments of interest.

Although the variable annuity may involve additional risk, it can also provide the employees with more opportunities to enhance their investment returns. Contributions can be invested in a variety of assets, such as stock funds, bond funds, money market accounts, etc. As the cash value of the variable annuity is dependent upon the investment results of the selected funds, a member's account value can fluctuate from year to year.

At June 30, 1999 and 1998, employees joining ORP consisted of:

	1999	1998
Members of TRSL joining ORP	127	156
New employees joining ORP	1,186	1,244
	1,313	1,400

At June 30, 1999 and 1998, the amounts transferred to ORP were:

	1999	1998
Amounts previously held in TRSL reserves	$ 538,870	$ 398,023
Contributions	46,860,850	39,479,100
	$47,399,720	$39,877,123

At June 30, 1999 and 1998, member and employer contribution rates were:

Member	1999	1998
Member contribution rate (applicable for ORP transfers)	7.900%	7.900%
Member contribution rate (administrative fee - TRSL)	0.100%	0.100%
	8.000%	8.000%

Employer	1999	1998
Employer contribution rate (normal cost is applicable for ORP transfers)	7.029%	7.019%
Unfunded rate (retained by TRSL)	9.471%	9.381%
	16.500%	16.400%

DEFERRED RETIREMENT OPTION PLAN

The Deferred Retirement Option Plan (DROP) was first implemented on July 1, 1992 with the passage of Louisiana Revised Statutes 11:786 by the legislature. Under the DROP, a member is allowed to accumulate his retirement benefits in a special reserve fund and yet still continue his employment and draw his salary. During this period of employment, no contributions are made to TRSL by either the member or by the employing agency. After termination of employment, the member not only receives his regular monthly retirement benefit, but also receives the amount accumulated in the DROP fund, either as a total distribution or as an additional monthly annuity.

In the original DROP, participation in the program could not exceed two years; however, the DROP was modified on January 1, 1994 to allow for a three-year period of participation. This longer period of participation permits the members to accumulate additional funds in planning for eventual retirement from the work force.

All monthly deposits to the DROP accounts are sheltered from taxes until withdrawal from the account after termination of employment. If the withdrawal is made in a single sum or for a period of less than ten years, the member has the option of "rolling over" the withdrawn funds to an individual retirement account (I.R.A.), individual retirement annuity, or to another qualified plan. Certain restrictions do apply. A careful study of all provisions of the DROP should be made by the member in order to determine what is best for his particular situation. TRSL suggests that members consult with their tax accountants prior to making a withdrawal selection.

All information printed above is presented as a summary only and is not intended to be a substitute for any language contained in the law.

	1999	1998	Percent Increase (Decrease)
Members Entering DROP	2,003	1,827	10%
Disbursements	$ 51,764,526	$ 46,266,624	12%
DROP Reserves at June 30	$435,446,423	$339,153,719	28%

OPTION 5

The Option 5 program became effective on January 1, 1996. Retiring members who had not participated in the Deferred Retirement Option Plan (DROP) could choose the Option 5 alternative which provided both a one-time single sum payment of up to 36 months of a regular maximum monthly retirement benefit, plus a reduced monthly retirement benefit for life. The amount of the monthly benefit for life is based upon the amount of the single sum payment, the member's age at the time of retirement, and an actuarial reduction.

As with the DROP program, the member has several choices pertaining to the distribution of the single sum payment

- The member may receive the entire amount less twenty percent federal income tax withholding.
- The member may roll over the entire amount to an individual retirement account, an individual retirement annuity, or another qualified plan.
- The member may begin a period of monthly or yearly withdrawals of the amount. However all withdrawals are subject to the same tax laws that apply to the DROP.

	1999	1998	Percent Increase (Decrease)
Members choosing Option 5	160	159	1%
Disbursements	$7,055,920	$6,272,739	12%
Option 5 Reserves at June 30	$1,789,827	$1,288,811	39%

DROP/OPTION 5 ACCOUNT INTEREST RATES

FISCAL YEAR ENDING JUNE 30	1994	1995	1996	1997	1998	1999
INTEREST RATE	8.70%	5.22%	16.59%	12.32%	20.28%	13.49%