Remembering Our Roots

2016 Comprehensive Annual Financial Report

for fiscal years ended June 30, 2016 and 2015

A component unit of the State of Louisiana

TRSL Teachers' Retirement System of Louisiana

Source information on historical schools can be found on page 144.

Remembering Our Roots

A look at historical Louisiana schools, past and present.

2016 Comprehensive Annual Financial Report

for Fiscal Years ended June 30, 2016 and 2015

Prepared by the Accounting, Investment, and Public Information Departments of the Teachers' Retirement System of Louisiana

Maureen H. Westgard, Director

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Business hours: *8 a.m. - 4:30 p.m.*
(Monday-Friday, excluding holidays)
No appointment required

Facebook: *www.facebook.com/TRSLonline*
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TRSL

A component unit of the State of Louisiana

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Table of Contents

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Harahan Elementary School

Established 1926 • Harahan

At over 80 years old, Harahan Elementary School is a stunning example of early 20th century architecture thanks to the unique design of its entrance way. Most of Louisiana's surviving school buildings from the 1920s have a central entrance leading to internal corridors. The Harahan Elementary School entrance, however, features a two-story domed rotunda with a large curving staircase. The state's office of historic preservation notes that no other school in Louisiana has a comparable entrance, making Harahan Elementary one of a kind.

Introductory Section

TRSL
Teachers' Retirement System of Louisiana

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225.925.4779
web.master@trsl.org
Post Office Box 94123
Baton Rouge LA 70804-9123

October 14, 2016

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

Dear Board Members:

We are pleased to present the 2016 Comprehensive Annual Financial Report (CAFR) for the Teachers' Retirement System of Louisiana (TRSL). This report provides a complete accounting of TRSL activities and operations, including our financial position, investment performance, statutory compliance, demographic makeup, and fund stewardship for the fiscal year ended June 30, 2016. It represents the combined efforts of the TRSL staff and its advisors.

Looking back over the fiscal year, complete with the state's uncertain budget situation and contentious legislative season, we continued the important work of the retirement system. TRSL paid more than $2.0 billion in retirement benefits to 75,828 retirees and beneficiaries, and provided critical retirement services to 84,068 active members. We're also pleased to report that the System's funding level increased to 62.4% in Fiscal Year 2016, up from 60.9% last fiscal year. And in another piece of good news, the unfunded accrued liability (UAL)—debt the state owes the retirement system—decreased by $171 million during FY 2016.

Reminiscing is a pastime we all engage in from time to time. Remembering where we came from, the people we knew, and the places we've been helps connect us to our past and shapes our future.

In this year's annual report, we step back in time to recall some of our oldest existing school buildings and their unique stories. Many of these schools are listed on the National Register of Historic Places maintained by the Division of Historic Preservation in the Louisiana Office of Cultural Development. Some are recognized for their architectural style; others for their historical or cultural significance.

More than physical structures, in many ways, these schools are sacred spaces that brought communities together and opened the doors of opportunity for generations of students. They are also important reminders that getting an education hasn't always been easy—whether the obstacles to attending school were societal or geographical.

Remembering our Roots celebrates some of our oldest gathering places for learning, and the deep and lasting impact they have on us to this day.

2016 Regular and Special Legislative Sessions

Louisiana faced serious budget shortfalls in Fiscal Year 2016. However, by law, revenue-raising measures could not be considered in the regular legislative session. Newly elected Gov. John Bel Edwards called a special session in January to address budget deficits in both FY 2016 and upcoming FY 2017. At session's end, though, significant funding gaps remained. In June, a second special session was convened minutes after the end of the regular session to continue work on the budget. The results amounted to further cuts to government services, most of which fell on higher education and healthcare.

While both special sessions focused on budget issues, the seven-week regular session included a number of retirement bills. Lawmakers passed Act 94 requiring the System's administrative expenses to be funded directly through employer contributions as long as those expenses are cost-neutral to employers.

And, with an eye toward plan sustainability, more pension reform legislation was passed this year in the form of Act 95. This was a technical clean-up bill for legislation enacted in 2014. It prioritizes the System's level of funding over allocations to an account that funds cost-of-living adjustments (COLAs), and establishes requirements for paying down debt.

Acts 94 and 95 were both sponsored by Sen. Barrow Peacock, and their passage was necessary in order to grant a COLA this year. Eligible TRSL retirees and beneficiaries were granted a 1.5% COLA on July 1 under Act 93, also sponsored by Sen. Peacock. A second COLA bill, Act 512 sponsored by Rep. Sam Jones, also passed. This legislation reaffirmed the COLA granted by Act 93; it did not provide for an additional benefit increase.

Other bills sought to diminish the benefits of future members; allow K-12 employers to withdraw from TRSL after paying their proportional share of the unfunded accrued liability (UAL); and alter the authority of the TRSL Board as well as its makeup. These bills failed to pass. For a complete list of legislation affecting TRSL that did pass, please see page 18.

Profile of TRSL

TRSL is a multiple-employer, cost-sharing defined benefit pension plan established by the Legislature in 1936. Its assets are held in trust to provide retirement benefits for retired members and their beneficiaries.

With a membership of 188,929, TRSL is the largest public retirement system in the state. In Fiscal Year 2016, actively employed members increased to 84,068 from 83,602 in the previous fiscal year. Our annuitant count rose slightly to 75,828 in Fiscal Year 2016 compared to 75,259 in Fiscal Year 2015.

TRSL is governed by a Board of Trustees whose primary responsibility is to manage and safeguard assets held in trust for the membership. The TRSL Board has 12 elected members as well as five ex officio members who hold their positions by virtue of their state office. The TRSL Board meets every month. Trustees and executive management staff perform all duties in accordance with their fiduciary responsibilities.

In addition to monthly board meetings, TRSL trustees are required by statute to complete continuing education hours in investments, actuarial science, law, and ethics. Board members must complete a total of 16 hours of trustee education each year.

Investments

TRSL earned a 1.60% return on investments (gross of fees) for the fiscal year ended June 30, 2016, with investment assets totaling $17.5 billion. Efforts by the Federal Reserve to normalize interest rates dulled capital market performance for the fiscal year. U.S. equity and fixed income markets returned 2.14% and 6.00% respectively, as measured by the Russell 3000 Index and Barclays Capital Aggregate Bond Index. Outside of the U.S., deflationary pressures and sluggish economic growth stifled international and emerging markets.

Still, the System's private market assets helped offset a constrained public market performance. TRSL's real estate asset class continued its impressive seven-year run of annualized returns in excess of 10%. In fiscal year 2016, real estate returned 11.08%, consisting of 11.09% core real estate return and 11.24% opportunistic/value-added return. Furthermore, with sustained annualized returns over the past seven years of 10.76%, TRSL ranks in the top (best) eleventh percentile compared to other public plans with assets greater than $1 billion, according to the Wilshire Trust Universe Comparison Service (TUCS).

Funding

TRSL administers a defined benefit retirement plan. The plan is funded through investment earnings and contributions from employees and employers. Regular Plan members, the System's largest membership, contribute 8.0% of salary toward their retirement benefits. In TRSL's two plans for school food service personnel—Plan A and Plan B—members contribute 9.1% and 5.0% of salary, respectively. Plan B members also contribute to Social Security.

Since Fiscal Year 2013, TRSL has calculated separate employer contribution rates for each of its sub-plans—the Regular Plan for K-12, Regular Plan for higher education, and School Lunch Plans A and B. All employer rates are based on two factors: (1) the normal cost of funding retirement benefits for the current year, and (2) the amortization of the retirement system's unfunded accrued liability (UAL). The TRSL actuary uses these factors to calculate and recommend employer contribution rates, which are converted to a percentage of total payroll of all active members for each sub-plan. The recommendation must be approved by the TRSL Board of Trustees and adopted by the Public Retirement Systems' Actuarial Committee (PRSAC).

TRSL's actuarial funded ratio for Fiscal Year 2016 increased to 62.4% from 60.9% in Fiscal Year 2015. Additionally, the System's actuarial value of assets increased to \$18.3 billion in Fiscal Year 2016, up from \$17.5 billion in Fiscal Year 2015.

Accomplishments

We routinely look for opportunities to take on projects or implement efficiencies that have a beneficial impact to the System, its members, employers, and other stakeholders. We have highlighted a few of our successes below.

An ongoing focus for TRSL is to offer convenient, self-service options to members. Through our online Member Access, members with DROP accounts can view all of their quarterly statements in one secure place. Members can also take comfort in the fact that these electronic records are always available to them, unlike paper records that they may misplace or lose in a flood or fire. Our transition to providing more member communications through electronic means highlights our commitment to "going green." By making quarterly DROP statements available exclusively online, the retirement system will conserve resources, reduce costs, and be more environmentally friendly.

We also updated all of our member brochures and handbooks, simplifying the content for a better reader experience. The new format enables us to print these publications in-house, which saves the System thousands in printing costs. Along the same lines, several of our most-used forms and legal affidavits were modified to simplify and speed up the retirement process for members.

This fiscal year, TRSL had the opportunity, through its solicitation for proposals (SFP) process, to negotiate new contracts with its Optional Retirement Plan (ORP) vendors. The new contracts included more uniform service level agreements to ensure OPR participants experience consistent and quality customer service from vendors.

TRSL also completed more than 200 external and internal audits, recouping more than \$1 million in employer underpayments and benefit overpayments. And, in keeping with industry best practices, TRSL worked with its custodial bank, BNY Mellon, last year to streamline accounting and investment operations as a means to enhance the reconciliation and validation of the System's value of assets.

Finally, it's important to mention the succession planning work that TRSL has undertaken this year. In planning for the future, executive management and department managers have been engaged in critical strategic planning and transfer of knowledge activities—from identifying key skills and abilities future leaders will need—to growing those skills and abilities in existing staff.

Toll free (outside the Baton Rouge area): 1.877.ASK.TRSL (1.877.275.8775)

Our accomplishments are a testament to the hard work and dedication of our talented staff who continually seek ways to build upon our past successes.

Report structure and oversight

TRSL prepares its annual report to meet all requirements in Louisiana Revised Statute 11:832(B), and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB).

The management of TRSL is responsible for internal accounting controls, which are designed to provide reasonable assurances regarding the reliability of all financial statements and disclosures in this report. The concept of reasonable assurance recognizes the relationship between the cost of a control and the benefit likely to be derived, based on the judgment of management. Furthermore, the object is to provide reasonable, not absolute, assurance that the financial statements are free of any material errors. To the best of our knowledge, the internal accounting controls currently in place meet the purposes for which they are intended—specifically assuring that the financial statements in this report, including supporting schedules and statistical tables, are presented fairly in all material aspects.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of the following sections:

- **Introductory** General information regarding TRSL operations
- **Financial** Management's discussion and analysis and financial statements
- **Investment** Summary of investments and performance information
- **Actuarial** Results from actuarial valuation and other actuarial information
- **Statistical** General statistical information about TRSL finances and members

The TRSL Board of Trustees and its executive management have a fiduciary responsibility to act in the best interest of the System—not any particular constituency. Concerning these trustees and staff, there can be no conflicts of interest associated with their positions; they must meet the highest of ethical standards; manage assets in accordance with the goals and statutory requirements of the System; and employ the requisite legal and financial expertise to invest System funds. TRSL also maintains a system of internal controls to reasonably assure member data and financial information are secure and assets and resources are safeguarded and utilized appropriately.

TRSL is also subject to a substantial degree of legislative oversight, which adds another layer of accountability. The Legislature reviews and approves the System's annual operating budget and enacts legislation related to TRSL's administration, benefit structure, investments, and funding. The legislative auditor is responsible for the procurement of audits for TRSL and is authorized to contract with a licensed CPA for each audit. Additionally, PRSAC reviews and adopts TRSL's valuation report, including its actuarial assumptions, each year.

On behalf of the Louisiana Legislative Auditor's Office, the independent certified public accounting firm of Duplantier, Hrapmann, Hogan, and Maher, L.L.P., located in New Orleans, La., performed the annual financial and compliance audit of TRSL for the years ended June 30, 2016 and June 30, 2015. The audits of our financial statements were performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States. It is the opinion of the independent auditors that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2016, and 2015.

Toll free (outside the Baton Rouge area): 1.877.ASK.TRSL (1.877.275.8775)

Awards and Recognition

This year TRSL was again recognized by two leading pension and financial associations. For the 25th consecutive year, the Government Finance Officers Association (GFOA) presented TRSL with the *Certificate of Achievement for Excellence in Financial Reporting* for our *2015 Comprehensive Annual Financial Report*. We also received the GFOA award for our *Popular Annual Financial Report* for the 14th consecutive year.

These awards acknowledge state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare financial reports that reflect the spirit of transparency and full disclosure.

The Public Pension Coordinating Council (PPCC), a coalition of three national associations that represents more than 500 of the largest pension plans in the U.S., also awarded TRSL the *Public Pension Standards Award for Funding and Administration*. Public Pension Standards are a benchmark to measure public defined benefit plans in the areas of retirement system management, administration, and funding.

Acknowledgments

With sincere appreciation, we want to acknowledge the TRSL staff members who were instrumental in the preparation of this report. Their work and dedication to the timely and accurate preparation of this report is commendable.

Respectfully submitted,

Maureen H. Westgard
Director

Charlene T. Wilson
Chief Financial Officer

Toll free (outside the Baton Rouge area): 1.877.ASK.TRSL (1.877.275.8775)

Vision & Mission statement

Vision

Retirement security in a changing world

Mission

Manage the Teachers' Retirement System of Louisiana in a manner that creates the highest degree of confidence in our integrity, efficiency, fairness, and financial responsibility

Values & goals

We are here to serve our customers.

Every customer will be provided timely, accurate, and courteous service.

We are committed to our role as fiduciaries of the trust.

We will manage the fund's assets with unwavering integrity and discipline to provide retirement benefits and achieve long-term, optimal results.

We believe in the value of public service and quality education for all Louisiana citizens.

We will foster an environment where innovation, initiative, and accountability are expected and supported.

We know that with an entrepreneurial spirit and team work, we can accomplish any task.

We will utilize quality principles, leading technology, and partnerships with our stakeholders to improve our products and services.

Ultimately, our performance comes from our people.

We value and support employees through open communication, professional development, recognition, and by creating a sense of community.

Board of Trustees and Ex Officio Members

Robert Lawyer
Board Chair

Colleges & Universities
Term expires 12/31/18

Sheryl R. Abshire, Ph.D.
Board Vice Chair

7th District
Term expires 12/31/18

Kimberly Flair

1st District
Term expires 12/31/18

John G. Parauka

2nd District
Term expires 12/31/19

Tia T. Mills, Ed.D.

3rd District
Interim Appointment

David A. Hennigan

4th District
Term expires 12/31/19

Holly Bridges Gildig

5th District
Term expires 12/31/16

Joyce P. Haynes

6th District
Term expires 12/31/16

Kathy Hattaway

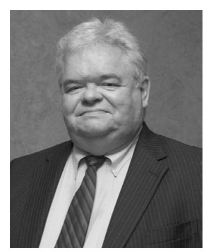
School Food Service Employees
Term expires 12/31/17

Alonzo R. "Lonnie" Luce, Ph.D.

Superintendents
Term expires 12/31/18

Jerry J. Baudin, Ph.D.

Retired Members
Term expires 12/31/17



James A. Taylor, Sr., J.D., Ph.D.

Retired Members
Term expires 12/31/18

Honorable Barrow Peacock

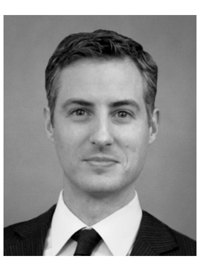
Chair, Senate Retirement Committee
Ex officio

Honorable J. Kevin Pearson

Chair, House Retirement Committee
Ex officio

Honorable John N. Kennedy

State Treasurer
Ex officio



John White

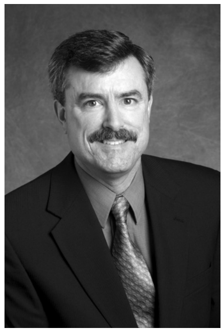
State Superintendent of Education
Ex officio

Jay Dardenne

Commissioner, Division of Administration
Ex officio

Executive Management

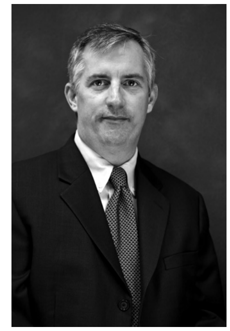
Maureen H. Westgard
Director



A. Stuart Cagle, Jr.
Deputy Director

Dana L. Vicknair
Assistant Director

Roy A. Mongrue, Jr.
General Counsel



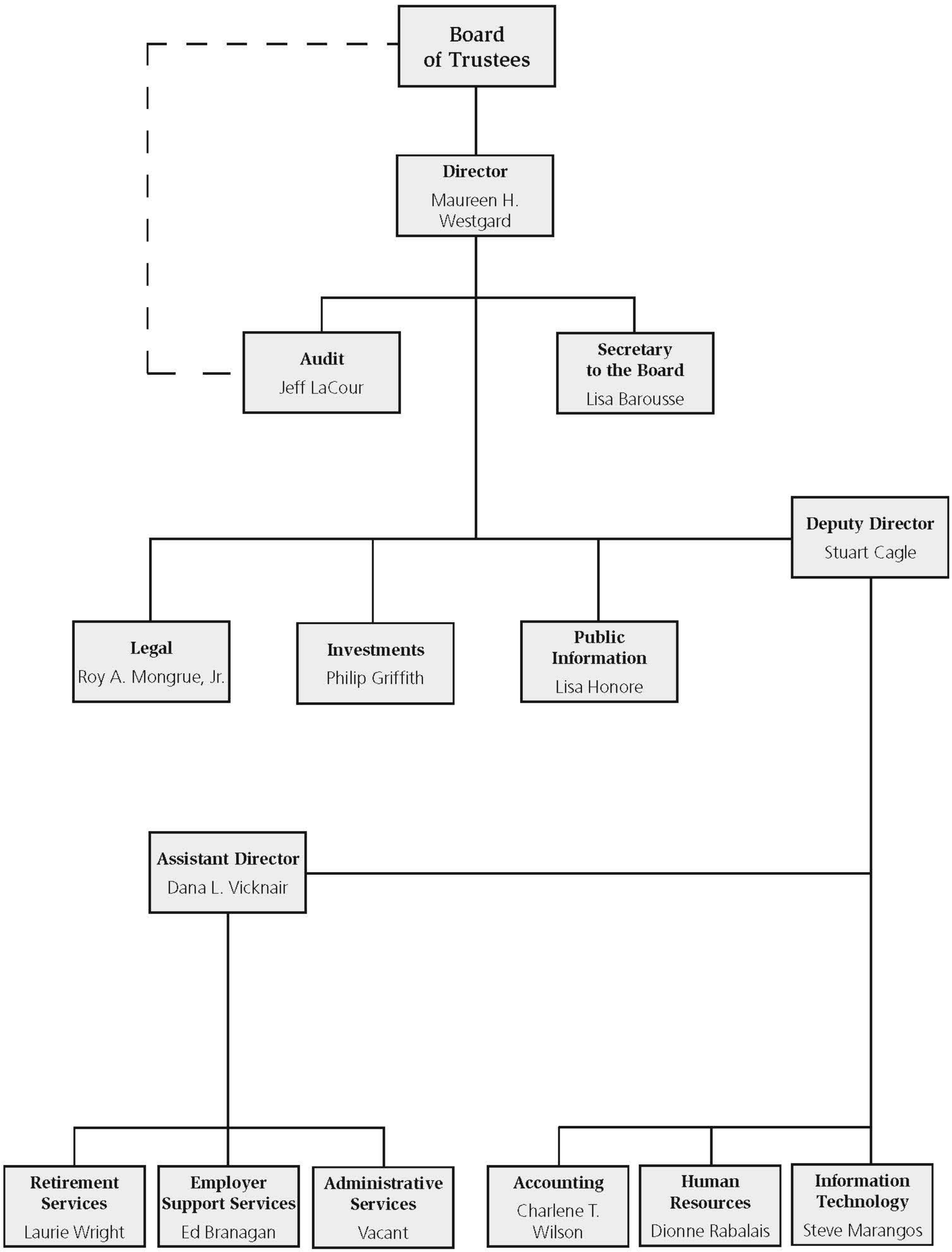
Philip Griffith
Chief Investment Officer

Department Managers

Front row: **Dionne Rabalais**, Human Resources Director; **Lisa Honoré, Ph.D.,** Public Information Director; **Katherine Whitney,** Deputy General Counsel; **Charlene T. Wilson,** Chief Financial Officer; **Laurie Wright,** Retirement Benefits Administrator

Back row**: Dana Brown,** Investment Director of Public Markets; **J. Duke Williams, II,** Private Assets Manager; **Steve Marangos,** Information Technology Director; **Maurice Coleman,** Deputy Chief Investment Officer; **Ed Branagan,** Employer Services Director; **Jeff LaCour**, Audit Director

Organizational Chart



Professional Consultants and Vendors

Actuaries

- Cavanaugh Macdonald Consulting, L.L.C.
- Foster & Foster Consulting Actuaries, Inc.
- Hall Actuarial Associates

Auditors & Accountant

- Duplantier, Hrapmann, Hogan & Maher, L.L.P.
- Hawthorn, Waymouth & Carroll, L.L.P.
- Postlethwaite & Netterville

Custodian Bank and Securities Lending Vendor

- BNY Mellon Asset Servicing

Information Technology and Other Consultants

- Bowen ECM Solutions, L.L.C.
- CEM Benchmarking, Inc.
- Delphia Consulting, L.L.C.
- Hunt Telecommunications, Inc.
- Investor Responsibility Support Services, Inc.
- Modiphy, Inc.
- Pro Source Technical Services, L.L.C
- RMJ Consulting
- Scope Solutions Group Holdings, Inc.
- Sign Language Services International
- Success Labs, Inc.
- VR Election Services

Investment Advisors [1]

- Alliance Bernstein, L.P.
- Artisan Partners Limited Partnership
- Baillie Gifford Overseas Limited
- The Boston Company Asset Management, L.L.C.
- Brandywine Global Investment Management, Inc.
- Brown Investment Incorporated Advisory
- The Clifton Group
- Delaware International Advisors
- Fiduciary Management Associates, L.L.C.
- Hamilton Lane Advisors, L.L.C.
- J. P. Morgan Investment Management, Inc.
- Loomis, Sayles & Co.

Investment Advisors [1] – cont'd

- LSV Asset Management
- Mesirow Financial Investment Management
- MFS Institutional Advisors, Inc.
- Mondrian Investment Partners
- Pacific Investment Management Co.
- Prudential Fixed Income
- Prudential Real Estate
- Rhumbline Advisors
- Vontobel Asset Management, Inc.
- Voya Investment Management
- Wedge Capital Management, L.L.P.
- Westwood Management Corp.
- Western Asset Management Co.
- William Blair

Investment Consultants

- Aon Hewitt Investment Consulting, Inc.
- Mercer Investment Consultant, Inc.

Legal Consultants

- Avant & Falcon
- Ice Miller, L.L.P.
- Klausner, Kaufman, Jensen & Levinson

Medical Examiners

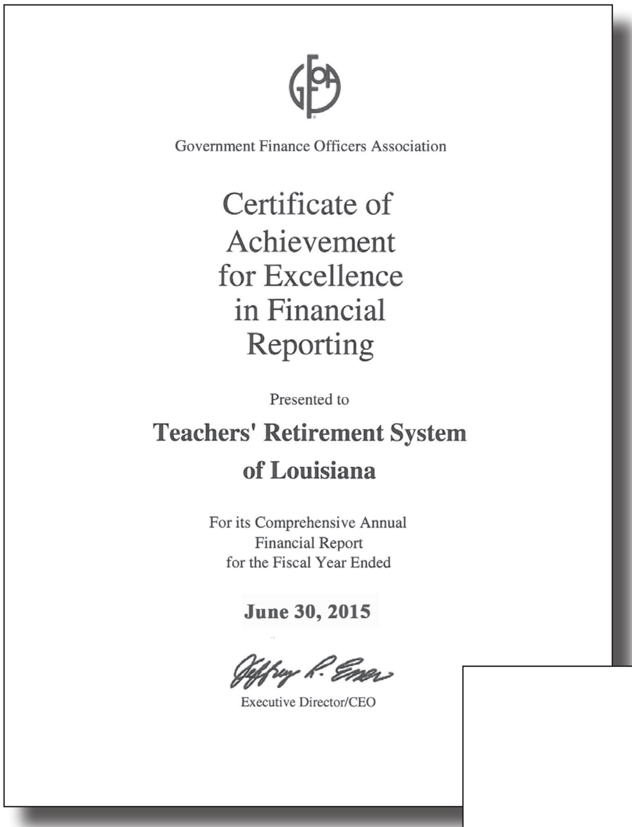
- Jose Artecona, M.D.
- Timothy Bowlin, M.D.
- R.W. Culver, M.D.
- Brian C. Gremillion, M.D.
- Eye Specialists of LA., L.L.C.
- Integrated Behavioral Health
- Anthony Ioppolo, M.D.
- W. J. Laughlin, M.D.
- Bradley Meek, M.D.
- Radha Raman, M.D.
- George Seiden, M.D.
- Michael W. Yorek, M.D.

[1] *Schedule of Commissions Paid to Brokers is located in the Investment Section of this report.*

Summary of Fiscal Year 2016 Legislation

- **Act 93** *(Sen. Barrow Peacock)* authorized payment of a 1.5% cost-of-living adjustment (COLA) to eligible TRSL retirees and beneficiaries. The COLA was paid on the first $60,000 of the retirement benefit. Sen. Barrow Peacock, chairman of the Senate retirement committee, sponsored the COLA legislation along with Act 94 and 95, whose passage was necessary in order to pay the COLA.
- **Act 94** *(Sen. Barrow Peacock)* requires TRSL's non-investment related administrative expenses to be funded directly through employer contributions beginning the first fiscal year in which these expenses will not increase the projected employer contribution rate.
- **Act 95** *(Sen. Barrow Peacock)* clarifies provisions created in Act 399 of 2014 regarding excess investment earnings, employer contributions, and COLAs. Act 95 also addresses the system's amortization period for changes, gains, losses and allocations to the experience account, and authorizes re-amortization at certain times.
- **Act 159** *(Sen. Barrow Peacock)* gives the TRSL Board of Trustees flexibility in determining its meeting schedule.
- **Act 176** *(Sen. Barrow Peacock)* requires actuarial notes for pre-filed bills to be filed at least five days prior to the beginning of the regular session.
- **Act 460** *(Rep. Barry Ivey)* requires the legislative auditor to report on the actuarial assumptions and funded ratios of each of the four state public retirement systems, and determine the appropriateness of these assumptions at least every five years.
- **Act 512** *(Rep. Sam Jones)* reaffirmed the COLA granted by Act 93; it does not grant an additional benefit increase.
- **Act 621** *(Rep. Kevin Pearson)* allows the House speaker to appoint any member of the House retirement committee to serve on the TRSL Board as an ex officio trustee (previously the chair of the House retirement committee automatically served in this capacity).
- **Act 679 & Act 639** *(Rep. Walt Leger, III)* proposes that a constitutional amendment be placed before voters on the November ballot to establish the Revenue Stabilization Trust Fund and to provide for the allocation of mineral revenues. A portion of the mineral revenues allocated in the proposed constitutional amendment would be dedicated to the unfunded accrued liability (UAL) after certain thresholds are reached. Act 639 is companion legislation to Act 679. The legislation will become effective only if voters approve the constitutional amendment set forth in Act 679 in the November election.
- **House Study Request 6** *(Rep. Barry Ivey)* requests a study of practices used in adopting actuarial assumptions and reporting standards for the state and statewide retirement systems and an investigation of potential legislative improvements for the increased sustainability of the systems.
- **House Concurrent Resolution 12** *(Rep. A.B. Franklin)* would ask Congress to consider eliminating the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security reductions. This resolution was sent to the Secretary of State.

Award Certificates



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

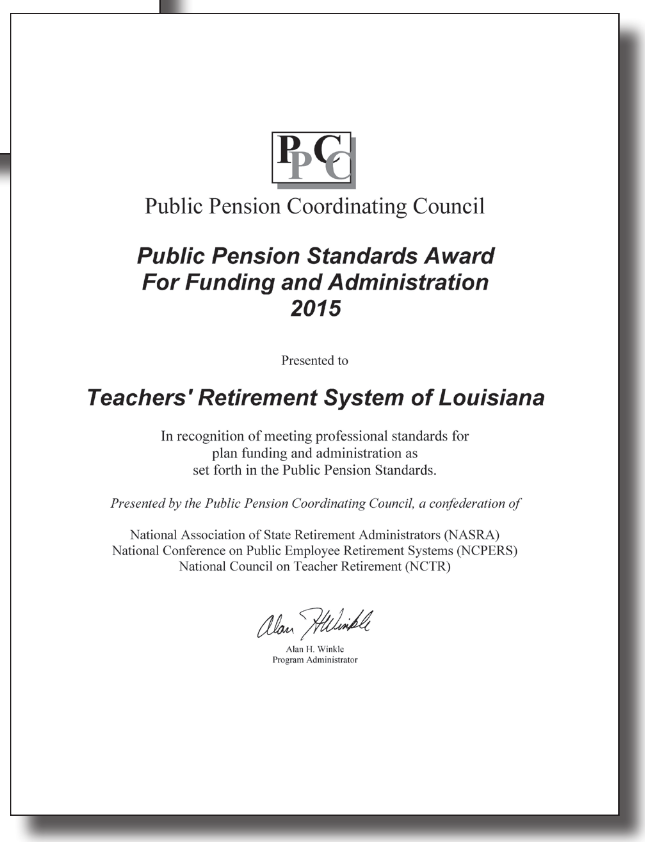
Presented to

Teachers' Retirement System of Louisiana

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2015

Presented to

Teachers' Retirement System of Louisiana

In recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

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Routhwood Elementary School

Established 1958 • Newellton

Built three years after the ground-breaking school desegregation case, Brown v. Board of Education (1954), Routhwood Elementary was the first school for African-American students in Newellton, Louisiana. Prior to Routhwood's construction, African-American children in Newellton either attended school in local churches or were bussed 12 miles away to Tensas High School. Routhwood Elementary was integrated in 1970 following a court order requiring all area schools to be desegregated. Unlike other African-American schools of the 1950s, many of which were closed after integration, Routhwood Elementary remained open for three decades, educating all children.

Financial Section

DHHM
certified public accountants

Duplantier
Hrapmann
Hogan &
Maher, LLP

INDEPENDENT AUDITOR'S REPORT

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Fax: (504) 525-5888

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Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
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Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

October 14, 2016

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

We have audited the accompanying financial statements of the Teachers' Retirement System of Louisiana (TRSL), a component unit of the State of Louisiana, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Teachers' Retirement System of Louisiana as of June 30, 2016 and 2015, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note A to the financial statements, the total pension liability for Teachers' Retirement System of Louisiana was $29,272,401,978 and $28,646,296,897 at June 30, 2016 and 2015, respectively. The actuarial valuations were based on various assumptions made by Teachers' Retirement System of Louisiana's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2016 and 2015 could be understated or overstated.

As disclosed in Note E to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equities and investments in real assets. Such investments totaled $4.6 billion and $4.4 billion (21% and 19%, respectively, of total assets) at June 30, 2016 and 2015, respectively. Where a publicly listed price is not available, the management of Teachers' Retirement System of Louisiana uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the years ended June 30, 2016 and 2015, we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. For the year ended June 30, 2014, the required supplementary information, as listed in the table of contents, was subjected to limited procedures applied in the June 30, 2014 audit of the basic financial statements by other auditors, who did not express an opinion or provide any assurance on the information because of the limited procedures.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements. The supporting schedules, introductory section, investment section, actuarial section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of the Teachers' Retirement System of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Teachers' Retirement System of Louisiana's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

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

October 14, 2016

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Teachers' Retirement System of Louisiana as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements, and have issued our report thereon dated October 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Teachers' Retirement System of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Teachers' Retirement System of Louisiana's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teachers' Retirement System of Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assists in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2015 and 2016. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the Financial Section.

Financial Highlights

- The net position restricted for pensions was $17.5 billion in 2016 compared to $17.9 billion in 2015, and $17.9 billion in 2014.
- The market rate of return on the System's investments was 1.6% (gross of fees) for 2016 compared to 3.1% for 2015, and 19.9% for 2014.
- TRSL had a net pension liability of $11.7 billion for 2016 compared to $10.8 billion for 2015 and $10.2 billion for 2014.
- The System's actuarial funded ratio for funding purposes was 62.4% at June 30, 2016 compared to 60.9% at June 30, 2015, and 57.4% at June 30, 2014.
- Benefit payments were $2.0 billion in 2016, $2.0 billion in 2015, and $1.9 billion in 2014.

Overview of the Financial Statements

The System's basic financial statements include the following:

- Statements of Fiduciary Net Position,
- Statements of Changes in Fiduciary Net Position, and
- Notes to the Financial Statements.

This report also contains required supplementary information in addition to the basic financial statements. The Statements of Fiduciary Net Position report the System's assets, liabilities, and resultant net position restricted for pensions. It discloses the financial position of the System as of June 30, 2016 and June 30, 2015.

The Statements of Changes in Fiduciary Net Position report the results of the System's operations during the years, disclosing the additions to and deductions from the fiduciary net position. It supports the change that has occurred to the prior year's net position on the statement of fiduciary net position.

The Notes to the Financial Statements provide additional information and insight that are essential to gain a full understanding of the data provided in the statements.

- **Note A** provides a general description of TRSL, information regarding employer and membership participation, net pension liability of employers, actuarial methods and assumptions, eligibility, benefits, information regarding legally required reserves, and excess benefit plan.
- **Note B** provides a summary of significant accounting policies and plan asset matters including the reporting entity, basis of accounting, estimates, methods used to value investments, property and equipment and accumulated leave requirements.
- **Note C** provides information regarding member and employer contribution requirements.
- **Note D** provides information regarding the System's cash and cash equivalents and risk disclosures.
- **Note E** describes the System's investments.
- **Note F** provides information regarding securities lending transactions.
- **Note G** describes the various types of derivative investments in which the System is invested.
- **Note H** provides information on contingent liabilities.
- **Note I** provides information on other post-employment benefits.
- **Note J** provides information on participation in a defined benefit plan, including information on the plan benefits provided, contributions, pension liabilities, pension expense, deferred inflows, deferred outflows, actuarial assumptions, and sensitivity of change in discount rate.
- **Note K** provides information on the System's change in accounting principle.

- **Note L** provides information on reclassification.
- **Note M** provides information on subsequent events.
- **Note N** provides information on the implementation of GASB Statement 72 – Fair Value Measurement and Application.

Required supplementary information consists of schedules and related notes concerning the net pension liability of the System. It includes the Schedules of Changes in Employers' Net Pension Liability, Schedules of Employers' Net Pension Liability, Schedules of Employer Contributions, Schedules of Investment Returns, Schedules of Funding Progress for Other Post-Employment Benefits (OPEB), Schedule of TRSL's Proportionate Share of the Net Pension Liability in LASERS, and Schedule of TRSL's Contributions to LASERS.

Supporting schedules include information on administrative expenses, investment expenses, board compensation, and payments to non-investment related consultants and vendors.

TRSL Financial Analysis

TRSL provides retirement benefits to all eligible teachers, administrative support staff, and school food service personnel of Elementary and Secondary Public Education employees and unclassified staff of institutions of higher education. Member contributions, employer contributions, and earnings on investments fund these benefits. Total net position restricted for pensions at June 30, 2016 was approximately $17.5 billion, compared to $17.9 billion held in trust at June 30, 2015, and $17.9 billion held in trust at June 30, 2014.

Condensed Comparative Statements of Fiduciary Net Position

	2016	2015	2014
Assets			
Cash and cash equivalents	$ 5,279,450	$ 236,026,000	$ 205,397,273
Receivables	1,679,296,945	1,690,795,593	1,834,434,326
Investments (fair value)	17,450,175,745	17,522,558,265	17,512,657,748
Securities lending collateral	2,553,584,462	3,435,153,677	2,257,226,730
Property and equipment, at cost (net)	3,710,875	4,051,370	4,100,275
Total assets	**21,692,047,477**	**22,888,584,905**	**21,813,816,352**
Deferred Outflows of Resources	2,395,528	3,580,678	0
Liabilities			
Accounts payable and other liabilities	1,602,693,981	1,558,387,832	1,656,554,164
Securities lending collateral	2,553,584,462	3,435,153,677	2,257,226,730
Total liabilities	**4,156,278,443**	**4,993,541,509**	**3,913,780,894**
Deferred Inflows of Resources	213,607	2,244,396	0
Net position restricted for pensions	**$ 17,537,950,955**	**$ 17,896,379,678**	**$ 17,900,035,458**

Changes in Fiduciary Net Position

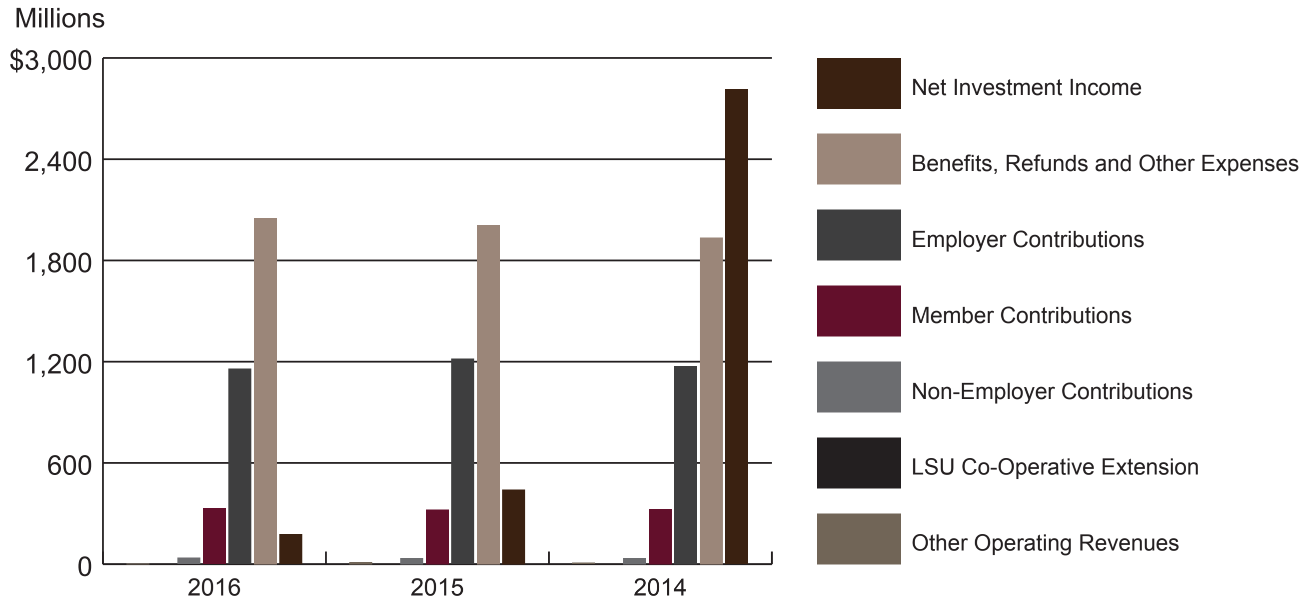
For June 30, 2016, additions to TRSL's net position were derived from investment income and contributions from members and employers. For 2016, investment income was $177,640,776 compared to $443,364,220 for 2015, and $2,815,090,995 for 2014. For 2016, member contributions increased by $5,852,671 (1.8%) and employer contributions decreased by $59,565,553 (-4.9%). For 2015, member contributions decreased by $1,086,447 (-0.3%) and employer contributions increased by $42,925,810 (3.7%). The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contributions annually.

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2016	2015	2014
Additions			
Member contributions	$ 330,773,315	$ 324,920,644	$ 326,007,091
Employer contributions	1,157,901,123	1,217,466,676	1,174,540,866
Non-employer contributions	38,193,328	37,425,629	35,927,881
LSU Co-Operative Extension	1,830,995	1,851,985	2,028,819
Other operating revenues	2,951,433	12,180,753	8,491,868
Total investment income	177,640,776	443,364,220	2,815,090,995
Total additions	**1,709,290,970**	**2,037,209,907**	**4,362,087,520**
Deductions			
Benefits, refunds, and other	2,050,906,604	2,011,269,710	1,935,192,090
LSU Co-Operative Extension	1,873,303	1,754,855	1,746,982
Administrative expenses	14,532,681	14,259,428	15,026,969
Depreciation expense	407,105	384,426	322,881
Total deductions	**2,067,719,693**	**2,027,668,419**	**1,952,288,922**
Net increase (decrease)	(358,428,723)	9,541,488	2,409,798,598
Net position restricted for pensions beginning of year	17,896,379,678	17,900,035,458	15,490,236,860
Cumulative Effect of Change in Accounting Principle[1]	0	(13,197,268)	0
Net Position after Accounting Principle Beginning Balance Restatement	17,896,379,678	17,886,838,190	15,490,236,860
Net position restricted for pensions end of year	**$ 17,537,950,955**	**$ 17,896,379,678**	**$ 17,900,035,458**

[1]***Change in Accounting Principle:*** *The System adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions during the fiscal year ending June 30, 2015. The adoption of this statement required the System to record a beginning net pension liability and the effects on net position of the contributions made by the System during the measurement period (fiscal year ending June 30, 2014). As a result, beginning net position decreased by $13,197,268 for the earliest year presented. The change in accounting principle consisted of the System's proportionate share of the collective net pension liability as of the beginning of the initial period of implementation of $14,538,436 and was offset by deferred outflows of resources for contributions to the pension plan made between the measurement date of the beginning net pension liability and the beginning of the System's fiscal year of $1,341,168. The System did not restate beginning balances relating to all other deferred inflows of resources or deferred outflows of resources related to pensions as it was not practical to determine these amounts.*

Chart for Condensed Comparative Statements of Changes in Fiduciary Net Position
(see page 29)



Financial Section

Deductions from plan net assets totaled $2,067,719,693 in fiscal year 2016, an increase of $40,051,274 (2.0%) over fiscal year 2015. Deductions from plan net assets totaled $2,027,668,419 in fiscal year 2015, an increase of $75,379,497 (3.9%) over fiscal year 2014. Deductions from plan net assets totaled $1,952,288,922 in fiscal year 2014, an increase of $75,307,668 (4.0%) over fiscal year 2013. Benefits, refunds and other payments continue to be the major reason for this increase. For fiscal year 2016, these payments increased by 2.0%, compared to 3.9% in 2015, and 4.1% in 2014.

Investments

As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of members. Funds are invested to achieve maximum returns and minimize risk.

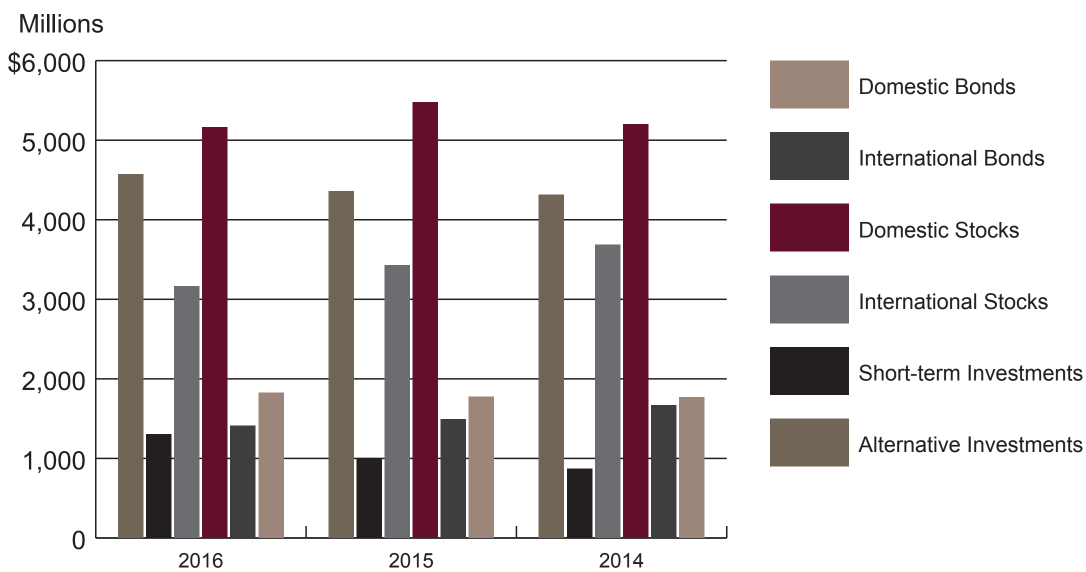
Total investments at June 30, 2016 approximated $17.5 billion compared to $17.5 billion at June 30, 2015, and $17.5 billion at June 30, 2014. For 2016, the System experienced a total net investment income of $178 million compared to $443 million in 2015, and $2.8 billion in 2014.

TRSL's market rate of return is 1.6% (gross of fees) for fiscal year ended 2016. The System has sustained annualized returns over the past three years of 7.9%. When compared to other public plans with assets greater than $1 billion, this gives the System has a top 13th percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

Investments at Fair Value

	2016	2015	2014
Domestic bonds	$ 1,828,132,715	$ 1,775,656,703	$ 1,770,055,139
International bonds	1,413,994,202	1,489,882,945	1,667,920,752
Domestic stocks	5,161,381,152	5,478,561,612	5,201,856,937
International stocks	3,166,197,700	3,429,594,486	3,688,369,407
Short-term investments	1,307,428,499	990,777,882	871,504,691
Alternative investments	4,573,041,477	4,358,084,637	4,312,950,822
Total investments	**$ 17,450,175,745**	**$ 17,522,558,265**	**$ 17,512,657,748**

Investments at Fair Value



Requests for Information

Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to:

Charlene T. Wilson

Chief Financial Officer

Teachers' Retirement System of Louisiana

P. O. Box 94123

Baton Rouge, LA 70804-9123

charlene.wilson@trsl.org

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McKinley High School

Established 1927 • Baton Rouge

McKinley High School was the first school in Baton Rouge built solely for the purpose of providing a high school education to African Americans. For many years, it was the only secondary school for African Americans within a 40-mile radius of the capital city. McKinley High School was considered extravagant compared to other African-American schools in the state, which were typically very meager structures. The building now serves as the McKinley Alumni Center, hosting community events and preserving the history of the school.

Financial Section (cont'd)

Statements of Fiduciary Net Position as of June 30, 2016, and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 5,279,450	$ 236,026,000
Receivables		
Member contributions	56,223,785	56,255,908
Employer contributions	174,778,304	182,514,298
Pending trades	1,393,981,656	1,399,769,969
Accrued interest and dividends	39,733,200	42,727,851
Other receivables	14,580,000	9,527,567
Total receivables	1,679,296,945	1,690,795,593
Investments, at fair value		
Domestic bonds	1,828,132,715	1,775,656,703
International bonds	1,413,994,202	1,489,882,945
Domestic common and preferred stocks	5,161,381,152	5,478,561,612
International common and preferred stocks	3,166,197,700	3,429,594,486
Domestic and international short-term investments	1,307,428,499	990,777,882
Alternative investments	4,573,041,477	4,358,084,637
Total investments	17,450,175,745	17,522,558,265
Invested securities lending collateral		
Collateral held under domestic securities lending program	2,234,390,584	2,997,312,753
Collateral held under international securities lending program	319,193,878	437,840,924
Total securities lending collateral	2,553,584,462	3,435,153,677
Property and equipment (at cost) - net	3,710,875	4,051,370
Total assets	**21,692,047,477**	**22,888,584,905**
Deferred Outflows of Resources	2,395,528	3,580,678
Liabilities		
Accounts payable and other liabilities		
Accounts payable	9,938,367	9,708,895
Benefits payable	5,094,610	3,230,117
Refunds payable	5,804,649	5,815,896
Net Pension Liability - LASERS	15,905,177	14,951,289
Pending trades payable	1,551,571,093	1,510,182,288
Other liabilities	14,380,085	14,499,347
Total accounts payable and other liabilities	1,602,693,981	1,558,387,832
Securities lending collateral		
Obligations under domestic securities lending program	2,234,390,584	2,997,312,753
Obligations under international securities lending program	319,193,878	437,840,924
Total securities lending collateral	2,553,584,462	3,435,153,677
Total liabilities	**4,156,278,443**	**4,993,541,509**
Deferred Inflows of Resources	**213,607**	**2,244,396**
Net position restricted for pensions	**$ 17,537,950,955**	**$ 17,896,379,678**

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position as of June 30, 2016, and 2015

	2016	2015
Additions		
Contributions		
Member contributions	$ 330,773,315	$ 324,920,644
Employer contributions	1,157,901,123	1,217,466,676
Non-employer contributions	38,193,328	37,425,629
LSU Co-Operative contributions	1,830,995	1,851,985
Total contributions	1,528,698,761	1,581,664,934
Investment income:		
From investment activities		
Net appreciation in fair value of domestic investments	175,088,747	480,986,479
Net appreciation (depreciation) in fair value of international investments	(319,968,910)	(406,316,838)
Domestic interest	69,147,779	67,110,730
International interest	62,432,869	73,371,790
Domestic dividends	93,713,815	84,765,719
International dividends	88,083,211	89,591,260
Alternative investment income	95,579,819	119,311,928
Miscellaneous investment income	1,411,175	0
Total investment income	265,488,505	508,821,068
Investment activity expenses:		
International investment expenses	(4,153,459)	(4,872,981)
Alternative investment expenses	(56,422,988)	(29,909,047)
Investment administrative expenses	(1,752,626)	(1,599,337)
Custodian fees	(344,806)	(330,942)
Performance consultant fees	(880,465)	(850,105)
Advisor fees	(35,975,157)	(36,705,991)
Total investment expenses	(99,529,501)	(74,268,403)
Net income from investing activities	165,959,004	434,552,665
From securities lending activities		
Securities lending income	14,762,870	9,144,667
Securities lending expenses:		
Fixed	(2,140,816)	(1,642,524)
Equity	(2,097,982)	400,449
International	1,157,700	908,963
Total securities lending activities expenses	(3,081,098)	(333,112)
Net income from securities lending activities	11,681,772	8,811,555
Total investment income	177,640,776	443,364,220
Other operating revenues	2,951,433	12,180,753
Total additions	**1,709,290,970**	**2,037,209,907**
Deductions		
Retirement benefits	1,999,272,396	1,955,102,582
LSU Co-Operative Extension	1,873,303	1,754,855
Refunds of contributions & other	49,884,654	52,402,762
TRSL employee health & life expense	(24,005)	1,685,836
Pension expense	1,773,559	2,078,530
Administrative expenses	14,532,681	14,259,428
Depreciation expense	407,105	384,426
Total deductions	**2,067,719,693**	**2,027,668,419**
Net increase (decrease)	**(358,428,723)**	**9,541,488**
Net position restricted for pensions		
Beginning of year, before restatement	17,896,379,678	17,900,035,458
Cumulative effect of change in accounting principle (GASB 68)	0	(13,197,268)
Beginning of year, after restatement	17,896,379,678	17,886,838,190
End of year	**$ 17,537,950,955**	**$ 17,896,379,678**

See accompanying notes to financial statements.

Notes to the Financial Statements

A. Plan Description

1. General

The Teachers' Retirement System of Louisiana (TRSL or the System) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. It was established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes to provide benefits to members and their dependents at retirement or in the event of death, disability, or termination of employment. The System is a component unit of the State of Louisiana and is included in the State's Comprehensive Annual Financial Report (CAFR) as a pension trust fund.

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

- The operating budget of the System is subject to budgetary review and approval 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 30 days before 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.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.
- The Louisiana Legislature enacts legislation pertaining to the public retirement systems, including administration, benefits, investments, and funding. All proposed retirement legislation is considered by the House and/or Senate Committees on Retirement. The legislative actuary prepares actuarial notes identifying the costs or savings related to such legislation.

2. Membership

At June 30, 2016 and 2015, the number of participating employers was:

	2016	2015
School boards	69	69
Colleges and universities	27	27
Laboratory schools	6	6
State agencies	52	50
Charter schools	35	35
Other	18	18
Total	**207**	**205**

Membership of this plan consisted of the following at June 30, 2016 and 2015, the dates of the latest actuarial valuations:

	2016	2015
Retirees and beneficiaries receiving benefits	75,828	75,259
Deferred Retirement Option Plan participants	2,504	2,283
Terminated vested employees entitled to but not yet receiving benefits	6,687	6,606
Terminated nonvested employees who have not withdrawn contributions	19,842	19,005
Current active employees:		
Vested	55,015	55,861
Nonvested	26,458	25,025
Post Deferred Retirement Option Plan participants	2,595	2,716
Total	**188,929**	**186,755**

3. Net Pension Liability of Employers

The Schedules of Employers' Net Pension Liability presents information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The net pension liability, which was calculated in accordance with GASB 67 as of June 30, 2016 and June 30, 2015, is shown below.

Schedules of Employers' Net Pension Liability

	June 30, 2016	June 30, 2015
Total pension liability	$ 29,272,401,978	$ 28,646,296,897
Plan fiduciary net position[1]	$ 17,535,415,151	$ 17,894,019,588
Employers' net pension liability[2]	$ 11,736,986,827	$ 10,752,277,309
Plan fiduciary net position as a percentage of total pension liability	59.9%	62.5%

[1]*Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service.*

[2]*Based on fair value of assets*

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

4. *Actuarial Methods and Assumptions*

The actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 and 2015 are as follows:

Valuation date	June 30, 2016 and 2015
Amortization approach	Closed
Actuarial cost method	Entry Age Normal
Expected remaining service lives	5 years
Investment rate of return	7.75% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and an adjustment for the effect of rebalancing/ diversification. The resulting long-term geometric nominal expected return is 8.23%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return for 2016	Long-Term Expected Real Rate of Return for 2015
Domestic equity	4.50%	4.71%
International equity	5.31%	5.69%
Domestic fixed income	2.45%	2.04%
International fixed income	3.28%	2.80%
Private equity	6.80%	6.80%
Other private assets	4.82%	4.32%

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

In accordance with GASB 67, the following presents the net pension liability calculated using the discount rate of 7.75%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher.

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Employers' net pension liability 2015	$13,605,538,764	$10,752,277,309	$8,325,523,367
Employers' net pension liability 2016	$14,639,614,986	$11,736,986,827	$9,267,046,412

5. *Eligibility*

TRSL was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

- **TRSL Regular Plan** — employees that meet the legal definition of a “teacher” in accordance with Louisiana Revised Statute 11:701(33)(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 considered 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. TRSL provides retirement, disability, and survivor benefits.

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

6. *Retirement Benefits*

SERVICE RETIREMENT:

Service retirement benefits are established and amended by state statutes, and are payable to members who have terminated covered employment and meet both age and service eligibility requirements.

Regular Plan - In the TRSL Regular Plan, eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999	
2.0% benefit factor	• At least age 60 with at least 5 years of service credit, or • Any age with at least 20 years of service credit
2.5% benefit factor	• At least age 65 with at least 20 years of service credit, or • At least age 55 with at least 25 years of service credit, or • Any age with at least 30 years of service credit

Regular Plan (cont'd)

Members joining system between July 1, 1999 and December 31, 2010	
2.5% benefit factor	• At least age 60 with at least 5 years of service credit, or • At least age 55 with at least 25 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced), or • Any age with at least 30 years of service credit

Members first eligible to join and hired between January 1, 2011 and June 30, 2015	
2.5% benefit factor	• At least age 60 with at least 5 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced)

Members first eligible to join and hired on or after July 1, 2015	
2.5% benefit factor	• At least age 62 with at least 5 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced)

Plan A - Plan A is closed to new entrants.

All Plan A members	
3.0% benefit factor	• At least age 60 with at least 5 years of service credit, or • At least age 55 with at least 25 years of service credit, or • Any age with at least 30 years of service credit

Plan B

Members hired before July 1, 2015	
2.0% benefit factor	• At least age 60 with at least 5 years of service credit, or • At least age 55 with at least 30 years of service credit

Members first eligible to join and hired on or after July 1, 2015	
2.0% benefit factor	• At least age 62 with at least 5 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced)

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. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

A retiring member is entitled to receive the maximum monthly benefit payable until the member's death. In lieu of the maximum monthly benefit, the member can elect to receive a reduced monthly benefit payable in the form of a Joint and Survivor Option, or a reduced monthly benefit (maximum or reduced Joint and Survivor Option) with a lump sum that cannot exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members can make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

DISABILITY RETIREMENT BENEFITS

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with at least five years of creditable service (two years immediately prior to death) or is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, and the deceased member had at least 10 years of creditable service, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) $300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with at least 10 years of creditable service (two years immediately prior to death) is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

PERMANENT BENEFIT INCREASES/COST-OF-LIVING ADJUSTMENTS

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of ad hoc permanent benefit increases (PBIs), also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature. Fifty percent of any excess return above $200 million (indexed to positive changes in the actuarial value of assets, beginning June 30, 2015) will be credited to the Experience Account, subject to the restrictions provided in Act 399 of 2014. The Experience Account is used to fund permanent benefit increases for retirees. The balance as of June 30, 2016 and 2015 was $24,977,477 and $226,356,559, respectively.

OPTIONAL RETIREMENT PLAN (ORP)

The Optional Retirement Plan (ORP) was established in 1989 for academic employees of public institutions of higher education who are eligible for membership in TRSL. 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. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL. Participant and employer contributions are pooled and invested by their designated ORP carrier in the investment options of their choosing.

The ORP is a defined contribution pension plan which 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 TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime.

At June 30, 2016 and 2015, employees joining ORP consisted of:	2016	2015
Members of TRSL joining ORP	58	57
New employees joining ORP	593	553
Total members joining ORP	651	610
Total actively contributing participants	**7,369**	**7,533**

At June 30, 2016 and 2015, the amounts transferred to ORP were:	2016	2015
Amounts previously held in TRSL reserves	$ 343,286	$ 382,763
Contributions	77,968,734	77,511,296
Total	**$78,312,020**	**$77,894,059**

	2016	2015
Number of ORP employers	124	127

At June 30, 2016 and 2015, participant contribution rates were:	2016	2015
Participant contribution rate (applicable for ORP transfers)	7.9500%	7.9500%
Participant contribution rate (administrative fee - TRSL)	0.0500%	0.0500%
Total employee contribution rate	**8.0000%**	**8.0000%**

Act 607 of the 2014 Regular Legislative Session required each higher education board created by Article VIII of the Louisiana Constitution to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). If TRSL did not receive a resolution containing a transfer amount by June 1, 2016, the ORP law sets the transfer amount as the most recent contribution amount paid by the higher education board. This amount would be the transfer amount paid the previous year as a percentage of pay.

For all employers that are not a higher education board created by Article VIII of the Louisiana Constitution or an employer institution not under the supervision and control of such a board the transfer amount will be the greater of the normal cost for a member of the TRSL's regular retirement plan or 6.2%. The amount must be set as a percentage of pay.

Effective for fiscal year 2018-2019 and thereafter, the transfer amount will be the greater of the normal cost for a member of the TRSL's regular retirement plan or 6.2% for all employers who have employees participating in the ORP. The amount must be set as a percentage of pay.

The following tables display the total employer contribution amount (transfer amount and shared UAL) for employers that report ORP participants for the most recent closed fiscal year and the previous closed fiscal year for both higher education and non-higher education institutions. The transfer amount along with the participant's contributions, less the administrative fee, are transferred to their selected ORP provider and invested. The shared UAL portion is retained by TRSL.

Higher Education Employers: ORP Contribution Rates (FY 2015-2016)

Management Board	Employer Rate (ER)		
	Transfer Amount	Shared UAL	Total ER
Board of Regents	5.437900%	22.0000%	27.4000%
Board of Supervisors of Louisiana State University	5.437900%	22.0000%	27.4000%
Board of Supervisors of Southern University	5.437925%	22.0000%	27.4000%
Southern Lab School	5.437925%	22.0000%	27.4000%
Board of Supervisors of the University of Louisiana System	5.254500%	22.0000%	27.3000%
Board of Supervisors of Community & Technical Colleges	5.437925%	22.0000%	27.4000%

Higher Education Employers: ORP Contribution Rates (FY 2014-2015)

Management Board	Employer Rate (ER)		
	Transfer Amount	Shared UAL	Total ER
Board of Regents	5.1839%	22.7000%	27.9000%
Board of Supervisors of Louisiana State University	5.1839%	22.7000%	27.9000%
Board of Supervisors of Southern University	5.1839%	22.7000%	27.9000%
Southern Lab School	5.8216%	22.7000%	28.5000%
Board of Supervisors of the University of Louisiana System	5.2545%	22.7000%	28.0000%
Board of Supervisors of Community & Technical Colleges	5.1839%	22.7000%	27.9000%

Non-Higher Education Employers: ORP Contribution Rates

Fiscal Year	Employer Rate (ER)		
	Transfer Amount	Shared UAL	Total ER
2015-2016	6.2000%	22.0000%	28.2000%
2014-2015	6.2000%	22.7000%	28.9000%

7. Legally Required Reserves

DROP and ILSB reserves:

These reserves consist of funds for the Deferred Retirement Option Plan (DROP) which was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature.

DEFERRED RETIREMENT OPTION PLAN (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Plan (DROP) on the first retirement eligibility date for a period not to exceed three years. A member has a 60-day window from his first eligible date to participate in the plan in order to participate for the maximum number of years. Delayed participation reduces the three-year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

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

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or as an additional annuity based upon the account balance.

DROP was implemented on July 1, 1992, with the passage of Louisiana Revised Statute 11:786 by the 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 plan could not exceed two years; however, 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. For members eligible to enter DROP prior to January 1, 2004 interest will be earned at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System actuary in their actuarial report, less one-half of one percent after participation ends.

For members eligible to enter DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate, less one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

INITIAL LUMP-SUM BENEFIT (ILSB)

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. ILSB is available to members who have not participated in DROP and who select the maximum benefit, option 2 benefit, option 2A benefit, option 3 benefit, option 3A benefit, option 4 benefit, or option 4A benefit. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with Louisiana Revised Statute 11:789(A)(1).

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)

For members who became eligible to participate before January 1, 2004

	2016	2015
DROP		
Members entering DROP	0	0
Disbursements	$ 54,301,033	$ 57,124,561
DROP reserves at June 30	$ 577,908,164	$ 568,076,110
ILSB		
Members choosing ILSB	0	0
Disbursements	$ 445,915	$ 708,038
ILSB reserves at June 30	$ 5,075,430	$ 4,950,475

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)

For members who became eligible to participate on or after January 1, 2004

	2016	2015
DROP		
Members entering DROP	936	1,155
Disbursements	$ 94,421,223	$ 105,811,404
DROP reserves at June 30	$ 481,297,427	$ 490,728,460
ILSB		
Members choosing ILSB	143	128
Disbursements	$ 7,053,404	$ 6,538,448
ILSB reserves at June 30	$ 1,563,451	$ 1,827,186

DROP/ILSB Account Interest Rates

Fiscal Year Ending June 30	Interest Rate	
	For members who became eligible to participate *before* January 1, 2004	For members who became eligible to participate *on or after* January 1, 2004
2007	14.70%	4.8800%
2008	4.65%	3.9800%
2009	0.00%*	1.3200%
2010	0.00%*	.0100%
2011	5.94%	.0050%
2012	4.55%	.0001%
2013	12.91%	.0000%
2014	12.64%	.0000%
2015	10.76%	.0000%
2016†	6.17%	.0595%

**An attorney general opinion in 2002 ruled that DROP/ILSB accounts could not be debited. If not for this ruling, DROP/ILSB account interest rates would have been reduced by 1.39% for 2010 and 12.81% for 2009.*

†Upon Public Retirement Systems' Actuarial Committee (PRSAC) approval of fiscal year valuation.

8. *Excess Benefit Plan*

Louisiana Revised Statute 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in Louisiana Revised Statute 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the United States Internal Revenue Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in Louisiana Revised Statute 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under Louisiana Revised Statute 11:784.1 and Section 415 of the United States Internal Revenue Code.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan.

Excess Benefit Plan

	2016	2015
Number of Excess Benefit Plan recipients	52	50
Total benefits	$1,125,444	$1,115,420

B. Summary of Significant Accounting Policies and Plan Asset Matters

1. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 17-member Board of Trustees (composed of 10 active members, two retired members, and five ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

During the year ended June 30, 2016, the System adopted GASB Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

During the year ended June 30, 2015, the System adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68 established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for participating employers of defined benefit pension plans. This statement also required additional note disclosures and required supplementary information to be presented in the participating employers financial statements.

2. Basis of Accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America 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 recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. State appropriations are recognized in the period appropriated. 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.

Administrative costs are funded through investment earnings and are subject to budgetary control by the Board of Trustees and approval of the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

3. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

4. Method Used to Value Investments

GASB Statement No. 72 (GASB 72) was implemented for fiscal year ended June 30, 2016. As required by GASB 72, investments are reported at fair value. Fair value is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note N.

Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. All derivative financial instruments are reported at fair value in the Statements of Fiduciary Net Position with valuation changes recognized in income. Gains and losses are reported in the Statements of Changes in Fiduciary Net Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held, and when the instruments are sold or expire. The nature and use of derivative instruments is discussed in Note G. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance which is reported at fair value, at the closest available reporting period, adjusted for subsequent contributions, distributions and management fees. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statements of Changes in Fiduciary Net Position.

5. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation for the building is computed using the straight-line method based upon a useful life of 40 years. Depreciation for office equipment and furniture with a purchase price of at least $1,000 is computed using the straight-line method based upon a useful life of three to 10 years. Items with a purchase price of less than $1,000 and more than $250 are computed using the straight-line method with a useful life of three years. Items with a purchase price of less than $250 are expensed in the current year. TRSL and LASERS share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land.

Changes in Property and Equipment

	June 30, 2015	Additions	Deletions	June 30, 2016
Asset Class (at Cost)				
Land	$ 858,390	$ 0	$ 0	$ 858,390
Building	6,170,609	0	0	6,170,609
Equipment, furniture, fixtures	5,174,780	66,610	(19,200)	5,222,190
Total Property and Equipment	**12,203,779**	**66,610**	**(19,200)**	**12,251,189**
Accumulated Depreciation				
Building	(3,816,581)	(221,643)	0	(4,038,224)
Equipment, furniture, fixtures	(4,335,828)	(185,462)	19,200	(4,502,090)
Total Accumulated Depreciation	**(8,152,409)**	**(407,105)**	**19,200**	**(8,540,314)**
Total Property and Equipment — Net	**$ 4,051,370**	**$ (340,495)**	**$ 0**	**$ 3,710,875**

Changes in Property and Equipment

	June 30, 2014	Additions	Deletions	June 30, 2015
Asset Class (at Cost)				
Land	$ 858,390	$ 0	$ 0	$ 858,390
Building	6,170,609	0	0	6,170,609
Equipment, furniture, fixtures	4,929,799	335,521	(90,540)	5,174,780
Total Property and Equipment	**11,958,798**	**335,521**	**(90,540)**	**12,203,779**
Accumulated Depreciation				
Building	(3,594,939)	(221,642)	0	(3,816,581)
Equipment, furniture, fixtures	(4,263,584)	(161,406)	89,162	(4,335,828)
Total Accumulated Depreciation	**(7,858,523)**	**(383,048)**	**89,162**	**(8,152,409)**
Total Property and Equipment — Net	**$ 4,100,275**	**$ (47,527)**	**$ (1,378)**	**$ 4,051,370**

6. Accumulated Leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employees' current rate of pay. The liability for accrued annual leave of up to 300 hours is included in Other Liabilities. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.

C. Member and Employer Contributions

Member contribution rates for the System are established by La. R.S. 11:62. The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each subplan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The normal cost portion of each plan's employer contribution rate varies based upon that plan's benefits, member demographics, and the rate contributed by employees. The unfunded accrued liability (UAL) contribution rate is determined in aggregate for all plans. The UAL established due to a specific plan or group of plans because of legislation will be allocated entirely to that plan or those plans.

TRSL Contribution Rates

Fiscal Year 2016	Employee Normal Cost Rate	Employer		
		Normal Cost Rate	Shared UAL Rate	Total Contribution Rate*
Regular Plan (K-12 Teachers)	8.0%	4.3564%	22.0%	26.3%
Regular Plan (Higher Ed)	8.0%	3.3226%	22.0%	25.3%
Lunch Plan A	9.1%	9.2683%	22.0%	31.3%
Lunch Plan B	5.0%	6.8485%	22.0%	28.8%

Fiscal Year 2015	Employee Normal Cost Rate	Employer		
		Normal Cost Rate	Shared UAL Rate	Total Contribution Rate*
Regular Plan (K-12 Teachers)	8.0%	5.2545%	22.7%	28.0%
Regular Plan (Higher Ed)	8.0%	3.6658%	22.7%	26.4%
Lunch Plan A	9.1%	10.4157%	22.7%	33.1%
Lunch Plan B	5.0%	7.4148%	22.7%	30.1%

**Rounded.*

NOTE: In accordance with state statute, the System receives ad valorem taxes and state revenue-sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

D. Deposits and Risk Disclosures

1. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and cash equivalents are collateralized by the pledge of government securities held by the agents in TRSL's name.

2. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either a counterparty or by the counterparty's trust department or agent but not in the System's name. It is the System's policy to contract with the custodian to provide safeguarding of deposits and securities. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. As of June 30, 2016, all deposits were insured by FDIC insurance and pledged collateral held in joint custody. At June 30, 2015, TRSL had a balance of $39,736,585 that was uninsured and uncollateralized, but was fully collateralized within two business days.

3. *Credit Risk*

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in core fixed income portfolios shall be rated BAA3 or BBB- or higher by Moody's or Standard & Poor's, respectively. High yield investment portfolios shall be invested in securities rated from BA1 to CAA or BB+ to CCC as rated by Moody's and Standard & Poor's, respectively. Non-rated securities and securities rated below CAA or CCC shall not exceed 20% of the market value of the portfolio.

The System's exposure to credit risk at June 30, 2016 was as follows:

Moody's Rating	Total	Domestic	International
A1	$ 76,848,570	$ 21,247,340	$ 55,601,230
A2	81,198,169	26,972,676	54,225,493
A3	243,393,888	88,347,066	155,046,822
AA1	111,085,273	24,904,479	86,180,794
AA2	59,904,605	12,895,992	47,008,613
AA3	77,339,256	31,254,116	46,085,140
AAA	1,012,310,123	872,419,743	139,890,380
B1	59,918,442	41,038,171	18,880,271
B2	48,835,121	25,886,365	22,948,756
B3	57,519,179	26,335,832	31,183,347
BA1	145,224,571	50,801,435	94,423,136
BA2	128,782,425	26,337,778	102,444,647
BA3	62,166,562	47,734,280	14,432,282
BAA1	94,256,814	67,793,100	26,463,714
BAA2	193,418,986	78,513,814	114,905,172
BAA3	124,197,148	41,520,954	82,676,194
C	614,275	0	614,275
CA	2,494,711	2,120,577	374,134
CAA1	34,166,514	27,616,817	6,549,697
CAA2	20,571,345	17,599,936	2,971,409
CAA3	6,616,108	2,852,238	3,763,870
NR	594,809,856	289,710,612	305,099,244
WR	6,454,976	4,229,394	2,225,582
Total credit risk debt securities	**$ 3,242,126,917**	**$ 1,828,132,715**	**$ 1,413,994,202**

The System's exposure to credit risk at June 30, 2015 was as follows:

Moody's Rating	Total	Domestic	International
A1	$ 92,949,345	$ 29,105,790	$ 63,843,555
A2	105,207,070	31,724,750	73,482,320
A3	236,281,551	80,186,399	156,095,152
AA1	91,678,255	6,159,887	85,518,368
AA2	40,858,179	10,044,108	30,814,071
AA3	125,446,181	37,021,527	88,424,654
AAA	1,059,326,554	884,802,455	174,524,099
B1	65,629,806	53,177,519	12,452,287
B2	69,248,622	39,173,515	30,075,107
B3	52,089,858	34,733,928	17,355,930
BA1	125,483,454	29,831,054	95,652,400
BA2	65,777,147	34,975,196	30,801,951
BA3	59,203,194	43,786,069	15,417,125
BAA1	102,549,281	74,896,375	27,652,906
BAA2	297,549,174	45,081,829	252,467,345
BAA3	147,743,817	60,850,746	86,893,071
C	16,640	0	16,640
CA	2,259,551	2,259,551	0
CAA1	29,109,078	22,891,856	6,217,222
CAA2	23,422,605	20,170,906	3,251,699
CAA3	4,063,858	2,462,084	1,601,774
NR	456,342,207	228,857,490	227,484,717
WR	13,304,221	3,463,669	9,840,552
Total credit risk debt securities	**$ 3,265,539,648**	**$ 1,775,656,703**	**$ 1,489,882,945**

4. *Interest Rate Risk*

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2016, the System had the following investments and maturities:

Investment Maturities (in years)					
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**5 - 10**	**More than 10**
U.S. treasury & government agency	$ 952,300,849	$ 27,595,592	$214,906,418	$199,823,509	$ 509,975,330
Collateralized mortgage obligations	100,487,694	0	8,495,222	12,919,683	79,072,789
Corporate bonds	517,405,269	24,498,707	189,919,128	179,704,655	123,282,779
Other	257,938,903	12,111,361	90,471,595	65,861,414	89,494,533
Foreign corporate bonds	230,009,942	50,660,025	64,146,101	58,772,188	56,431,628
Foreign government bonds	705,358,101	25,363,596	179,994,599	224,895,279	275,104,627
Foreign treasuries	57,868,196	0	0	39,216,590	18,651,606
Foreign other	420,757,963	70,083,073	161,666,185	127,289,597	61,719,108
Short-term investments	1,307,428,499	1,307,428,499	0	0	0
Total	**$4,549,555,416**	**$1,517,740,853**	**$909,599,248**	**$908,482,915**	**$1,213,732,400**

As of June 30, 2015, the System had the following investments and maturities:

Investment Maturities (in years)					
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**5 - 10**	**More than 10**
U.S. treasury & government agency	$ 924,009,187	$ 11,992,528	$ 203,902,396	$ 237,584,607	$ 470,529,656
Collateralized mortgage obligations	114,015,088	0	9,972,498	12,282,122	91,760,468
Corporate bonds	537,516,294	13,697,460	210,020,634	223,301,623	90,496,577
Other	216,049,741	909,360	79,018,197	69,783,933	66,338,251
Foreign corporate bonds	232,329,698	25,190,204	101,622,820	70,999,930	34,516,744
Foreign government bonds	830,235,756	15,826,884	188,175,988	379,400,756	246,832,128
Foreign treasuries	5,028,858	0	1,976,536	616,151	2,436,171
Foreign other	406,355,026	10,019,258	208,698,868	142,369,034	45,267,866
Short-term investments	990,777,882	990,777,882	0	0	0
Total	**$4,256,317,530**	**$1,068,413,576**	**$1,003,387,937**	**$1,136,338,156**	**$1,048,177,861**

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its benchmark.

5. *Foreign Currency Risk*

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investment risk and foreign currency risk as measured by tracking error has been reduced by the use of the overlay program. The System's asset allocation plan adopted in the investment policy includes a maximum of 62% for international equities and fixed income.

The System's exposure to foreign currency risk was $3,421,807,701 at June 30, 2016 as follows:

Currency	%	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Australian Dollar	3.61%	$ 123,381,430	$ 58,058,375	$ 0	$ 64,945,624	$ 377,431	$ 0
Brazil Real	3.49%	119,497,732	91,939,281	5,017,381	21,631,322	909,748	0
Canadian Dollar	2.19%	75,052,024	19,657,100	0	54,423,456	971,468	0
Colombian Peso	0.47%	15,948,560	15,865,165	0	0	83,395	0
Czech Koruna	0.05%	1,731,815	529,541	0	1,200,137	2,137	0
Danish Krone	2.83%	96,769,002	57,146,578	0	39,620,867	1,557	0
Euro Currency Unit	32.60%	1,116,420,450	186,422,328	16,940,074	507,898,787	8,696,343	396,462,918
Hong Kong Dollar	4.11%	140,683,172	0	0	140,632,489	50,683	0
Hungarian Forint	1.14%	38,861,781	36,888,333	0	1,602,647	370,801	0
Indonesian Rupiah	1.67%	57,095,767	29,696,866	0	26,968,956	429,945	0
Israeli Shekel	0.14%	4,830,691	0	0	4,795,941	34,750	0
Japanese Yen	13.96%	477,535,246	37,978,113	0	331,827,846	107,729,287	0
Malaysian Ringgit	1.45%	49,680,147	41,714,553	0	7,763,465	202,129	0
Mexican New Peso	3.94%	134,754,265	125,299,678	0	9,230,031	224,556	0
New Zealand Dollar	1.14%	39,038,393	24,948,511	0	14,035,949	53,933	0
Norwegian Krone	0.48%	16,495,528	439,999	0	16,020,615	34,914	0
Peruvian Sol	0.13%	4,568,383	4,568,289	0	0	94	0
Philippines Peso	0.08%	2,680,302	2,668,814	0	0	11,488	0
Polish Zloty	1.00%	34,164,762	32,714,586	0	1,365,432	84,744	0
Pound Sterling	11.29%	386,217,125	118,927,555	0	266,066,589	1,222,981	0
Romanian Leu	0.18%	6,009,812	6,009,017	0	0	795	0
Russian Ruble (New)	0.51%	17,580,496	17,518,150	0	0	62,346	0
S African Comm Rand	2.90%	99,098,257	40,290,692	0	58,200,822	606,743	0
Singapore Dollar	1.10%	37,540,439	0	0	37,405,412	135,027	0
South Korean Won	1.70%	58,105,405	0	0	57,686,112	419,293	0
Swedish Krona	2.34%	80,114,502	2,050,089	0	77,973,976	90,437	0
Swiss Franc	3.73%	127,548,698	0	0	127,574,120	(25,422)	0
Thailand Baht	0.86%	29,350,058	15,510,341	0	13,839,756	(39)	0
Turkish Lira	0.91%	31,053,459	27,264,039	0	3,229,930	559,490	0
Total	**100.00%**	**$3,421,807,701**	**$994,105,993**	**$21,957,455**	**$1,885,940,281**	**$123,341,054**	**$396,462,918**

The System's exposure to foreign currency risk was $3,574,527,462 at June 30, 2015 as follows:

Currency	%	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Australian Dollar	3.33%	$ 118,913,318	$ 56,182,768	$ 0	$ 62,172,338	$ 558,212	$ 0
Brazil Real	3.45%	123,405,150	83,304,071	10,677,155	28,893,420	530,504	0
Canadian Dollar	1.98%	70,615,582	16,277,505	0	53,783,011	555,066	0
Colombian Peso	0.38%	13,507,990	13,507,990	0	0	0	0
Czech Koruna	0.05%	1,749,260	0	0	1,639,075	110,185	0
Danish Krone	1.68%	59,899,704	25,923,584	0	33,973,833	2,287	0
Euro Currency Unit	35.22%	1,258,789,326	289,172,663	28,547,446	542,957,621	38,769,875	359,341,721
Hong Kong Dollar	5.15%	183,994,955	0	0	183,611,880	383,075	0
Hungarian Forint	1.16%	41,366,111	40,254,489	0	1,090,451	21,171	0
Indonesian Rupiah	1.23%	43,879,541	22,128,693	0	21,402,054	348,794	0
Israeli Shekel	0.15%	5,523,276	0	0	5,463,184	60,092	0
Japanese Yen	10.79%	385,613,863	54,169,999	0	321,041,456	10,402,408	0
Malaysian Ringgit	1.31%	46,977,540	34,667,413	0	12,097,762	212,365	0
Mexican New Peso	3.47%	124,159,077	112,026,069	0	12,231,372	(98,364)	0
New Turkish Lira	0.84%	29,855,261	24,118,661	0	5,736,600	0	0
New Zealand Dollar	0.82%	29,202,453	23,031,600	0	6,172,756	(1,903)	0
Nigerian Naira	0.03%	1,162,898	0	0	0	1,162,898	0
Norwegian Krone	0.70%	25,012,767	3,933,837	0	20,858,437	220,493	0
Philippines Peso	0.18%	6,593,912	6,573,151	0	0	20,761	0
Polish Zloty	1.15%	41,141,600	39,303,139	0	1,595,223	243,238	0
Pound Sterling	11.26%	402,416,556	39,989,426	0	358,453,333	3,973,797	0
Romanian Leu	0.08%	2,718,624	2,600,435	0	0	118,189	0
Russian Ruble (New)	0.39%	13,813,438	13,742,004	0	0	71,434	0
S African Comm Rand	3.38%	120,755,569	59,465,513	0	60,083,585	1,206,471	0
Singapore Dollar	1.48%	53,073,906	0	0	52,893,866	180,040	0
South Korean Won	1.95%	69,768,661	28,432,975	0	40,923,866	411,820	0
Swedish Krona	2.37%	84,811,181	3,757,720	0	80,865,227	188,234	0
Swiss Franc	4.91%	175,502,876	8,158,313	0	166,991,974	352,589	0
Thailand Baht	1.13%	40,303,067	17,647,817	0	22,655,250	0	0
Total	**100.00%**	**$3,574,527,462**	**$1,018,369,835**	**$39,224,601**	**$2,097,587,574**	**$60,003,731**	**$359,341,721**

E. Investments

Louisiana Revised Statute 11:263 authorized the Board of Trustees to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

In accordance with Louisiana Revised Statute 11:263, the System may invest up to 65% of its total assets in equities provided that the System invests an amount equal to at least 10% of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to 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 international equity.

The System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represent five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock. In addition, the Board of Trustees has adopted certain investment policies, objectives, rules and guidelines that are intended to protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries; achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System; and maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

The Board of Trustees' desired investment objective is a long-term compound rate of return on the System's assets and is the greater of:

- 3.9% above the CPI-U seasonally adjusted, or
- the actuarial rate 7.75% for FY 2016.

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

Domestic Equity Managers:

The following guidelines shall apply to the domestic equity investment managers:

- Common stock securities, including ADRs, shall be marketable securities listed or traded on a national securities exchange. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible. Convertible securities shall be considered as part of the equity portfolio.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at market value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one GIC sector (as defined by the Standard & Poors Global Industry Classification Standard) should not exceed 50%.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- Equity managers (growth or value) hired for the small cap investment category are expected to maintain the capitalization of the portfolio within the small capitalization region with similar characteristics versus the benchmark.

- Equity managers (growth or value) hired for the mid cap investment category are expected to maintain the capitalization of the portfolio within the mid capitalization region with similar characteristics versus the benchmark.
- Equity managers (growth or value) hired in the small/mid (SMID) cap investment category are expected to maintain the capitalization of the portfolio within the SMID capitalization region with similar characteristics versus the benchmark.

<u>Developed International Equity Managers:</u>

The following guidelines shall apply to the developed international equity investment managers:

- Marketable common stocks, preferred stocks convertible into common stocks, and fixed income securities convertible into common stocks are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at market value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the mandate's benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- For investment managers benchmarked to the MSCI All Country World Index ex U.S., the portfolio should not exceed 40% in emerging market equities without prior Board approval.
- For investment managers benchmarked to the MSCI EAFE Index, the portfolio should not exceed 20% in emerging market equities without prior Board approval.
- Currency hedging decisions are at the discretion of the investment manager.

<u>Investment Grade Core Fixed Income Investment Managers:</u>

The following guidelines shall apply to the investment grade core fixed income investment managers:

- The fixed income securities should be invested in investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, Collateralized Mortgage Obligations (CMOs), corporates, municipals, asset-backed, Commercial Mortgage Backed Securities (CMBS), and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Securities convertible into common stocks are prohibited. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from 1.5 years of the duration of the Barclays Aggregate Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at market value.

- Below investment grade fixed income securities are limited to 5% of the fixed income portfolio. Split-rated securities will be considered as investment grade related securities. Orderly liquidation should occur for securities that fall below investment grade ratings and are greater than 5% of the fixed income portfolio. Such liquidation should occur within one year.
- Fixed income securities of foreign (non-U.S.) entities denominated in U.S. dollars are limited to 20% of the manager's portfolio, measured at market value. Securities denominated in currencies other than the U.S. dollar are not permissible.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.

<u>Core Plus Fixed Income Investment Managers:</u>

The following guidelines shall apply to the core plus fixed income investment managers:

- The fixed income securities can be invested in investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, CMOs, corporates, municipals, asset-backed, CMBS, and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from two years of the duration of the Barclays Aggregate Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities are limited to 25% of the fixed income portfolio. Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- Fixed income securities of foreign (non-U.S.) entities are limited to 25% of the manager's portfolio, measured at market value. Within the maximum limitation of the non-U.S. fixed income exposure, the total portfolio's investment in emerging markets is limited to 10%.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.
- Short-term holdings shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Fixed income core plus portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - » To adjust dollar-weighted duration and term structure of the portfolio,
    - » To protect against the downside on credit defaults,
    - » To dampen volatility,
    - » To create synthetic exposures not otherwise prohibited by these guidelines, and
    - » To take advantage of periodic pricing anomalies.
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

Global Fixed Income Investment Managers:

The following guidelines shall apply to the global fixed income investment managers:

- The portfolio will be invested in marketable fixed income instruments, notes, and debentures issued by sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: U.S. Treasuries and Agencies, sovereign (non-U.S.) governments, sovereign agencies, pass-through mortgages, non-agency mortgages, CMOs, U.S. and non-U.S. corporates, municipals, asset-backed, CMBS, and inflation-linked securities.
- It is anticipated that the portfolio will be invested in investment grade and below investment grade rated securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred.
- The benchmark for performance evaluation is the Barclays Global Aggregate Index (unhedged).
- The duration of the fixed income portfolio may range from four years of the duration of the Barclays Global Aggregate Index (unhedged).
- Fixed income holdings in a single company (defined as any one corporate bond issuer) should be limited to 5% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities are limited to 35% of the total fixed income portfolio. Below investment grade securities are defined as fixed income securities rated below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- The portfolio's investment in emerging markets debt is limited to 35%. Emerging Market Countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 20% of the total fixed income portfolio.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or unhedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Global fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - » To adjust dollar-weighted duration and term structure of the portfolio,
    - » To protect against the downside on credit defaults,
    - » To dampen volatility,
    - » To create synthetic exposures not otherwise prohibited by these guidelines, and
    - » To take advantage of periodic pricing anomalies.
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

High Yield Fixed Income Investment Managers:

The following guidelines shall apply to the high yield fixed income investment managers:

- The fixed income securities can be invested in below investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, corporates, municipals, asset-backed, bank loans, and convertible securities. Below investment grade securities are defined as fixed income securities below Baa3 or BBB-, rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch.

- The benchmark for performance evaluation is the Bank of America Merrill Lynch U.S. High Yield Master II Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities which are rated below B3 or B- by Moody's Investor Service, Standard & Poor's Corporation, or Fitch are limited to 15%.
- Fixed income securities of foreign (non-U.S.) entities are limited to 15% of the manager's portfolio, measured at market value.
- The investment manager should consider the liquidity and marketability of securities prior to investment. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 25% of the total portfolio value.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.

<u>Emerging Markets Debt Investment Managers:</u>

The following guidelines shall apply to the emerging markets debt investment managers:

- The portfolio will be invested primarily in marketable fixed income instruments, notes, and debentures issued by emerging market sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: obligations of foreign governments (or their subdivisions or agencies), international agencies and supranational entities, and obligations of foreign corporations such as corporate bonds. Securities that are liquid and readily marketable, at time of purchase, are preferred.
- Emerging Market Countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- The benchmark for performance evaluation is the JP Morgan GBI-EM Global Diversified Index.
- The duration of the fixed income portfolio may range from two years of the duration of the JP Morgan GBI-EM Global Diversified Index.
- Fixed income holdings in a single company should be limited to 3% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities are limited to 40% of the fixed income portfolio. Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or BAA3). Split-rated securities will be considered as investment grade related securities.
- Rule 144(a) securities may be included in the portfolio up to 40% of the total portfolio value.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or unhedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - » To adjust dollar-weighted duration and term structure of the portfolio,
  - » To protect against the downside on credit defaults,
  - » To dampen volatility,
  - » To create synthetic exposures not otherwise prohibited by these guidelines, and
  - » To take advantage of periodic pricing anomalies.
- Long futures and swaps contracts must be fully backed with cash, cash equivalents, offsetting derivative contracts, or other liquid holdings.

Emerging Markets Equities Managers:

The following guidelines shall apply to the emerging markets equities managers with separate accounts. For emerging market equities managers utilizing mutual funds or commingled funds, it is expected that the portfolio will generally, not necessarily, conform to these guidelines, but will fully comply with the prospectus and/or private placement memorandum.

- The benchmark for performance evaluation is the MSCI Emerging Markets Index (Net Dividends).
- Securities permissible for investment include, but are not limited to: marketable common stocks, preferred stocks convertible into common stocks, fixed income securities convertible into common stocks, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs) in emerging markets are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in emerging markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at market value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- Currency hedging decisions are at the discretion of the investment manager.

Alternative Assets Investment Managers:

The following guidelines provide a general framework for selecting, building, and managing the System's investments in private equity, venture capital, private market debt, infrastructure, and commodities.

- The benchmarks for performance evaluation of the Alternative Asset classes net of all fees and expenses are as follows:

  Private Equity & Venture Capital: Russell 3000 +300 basis points,

  Private Market Debt: Merrill Lynch U.S. High Yield Master II +200 basis points,

  Commodities: Dow Jones UBS Commodities Index, and

  Infrastructure: Consumer Price Index + 500 basis points.
- The System will invest primarily in limited partnership interests of pooled vehicles including funds, co-investments, separate accounts and secondary investments.
- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The System's commitment to any given partnership, for funds targeting $500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System's commitment to any given partnership, for funds targeting more than $500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System should diversify the sources of risk in the portfolio, specifically.
- No more than 15% of the Alternative Assets total exposure (costs plus unfunded commitments) may be attributable to partnerships by the same manager at the time the commitment is made.
- The System shall diversify the portfolio across vintage years.
- The System will be mindful of over-concentration to any one industry, investment strategy and/or geography. Should the Investment Manager deem the Portfolio to be overly concentrated to any industry, investment strategy or geography, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.

- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest or to gain access to certain strategies which are difficult for the System to directly access (e.g., venture capital).
- The System shall seek co-investments only where the System is an existing limited partner.
- The System should seek to obtain a limited partner advisory board seat for each partnership investment.

<u>Real Estate Investment Managers:</u>

The following sets forth guidelines that provide a general framework for selecting, building, and managing of the System's real estate portfolio. The System's underlying real estate investments shall be classified under two primary strategies: Core and Opportunistic.

- The benchmark for performance evaluation of the real estate strategies is as follows:

  Core: NCREIF Property Index, and

  Opportunistic: NCREIF Property Index +200 basis points.
- The System will invest primarily in limited partnership interests of pooled vehicles including funds, co-investments, separate accounts and secondary investments.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest.

<u>Core Real Estate:</u>

- The Investment Manager shall choose Core Real Estate Investments which, in aggregate, consist of a well-diversified portfolio of property types and geographies.
- Core Real Estate shall include, but not be limited to the following property types: warehouses, industrial, apartments, offices, storage, land development, single family homes, parking garages, hotels and retail.

Core Real Estate investment funds shall target no more than 35% debt (leverage).

<u>Opportunistic Real Estate:</u>

- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The Investment Manager shall choose Opportunistic Real Estate investments which, in aggregate, consist of a well-diversified portfolio of property types, geographies and risk profiles. Should the Investment Manager deem the Portfolio to be overly concentrated to any geography or property type, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System's commitment to any given partnership, for funds targeting $500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- The System's commitment to any given partnership, for funds targeting more than $500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- Opportunistic Real Estate investment funds shall target no more than 80% debt (leverage).
- The System shall diversify the portfolio across vintage years.

Alternative Assets and Real Estate

TRSL invests in a diversified mix of alternative investments, such as venture capital, private market debt, infrastructure and commodities, private equity and real estate. The fair market value of alternative assets and real estate totaled $4.6 billion for June 30, 2016, and $4.4 billion for June 30, 2015. The table below shows the cumulative commitments and cumulative cash flow totals since inception for the last two years.

TRSL Alternative Assets and Real Estate (in billions)

Total	June 30, 2016	June 30, 2015
Commitments	$ 15.0	$ 13.6
Calls for funding	11.1	10.2
Unfunded commitments	4.5	3.5
Distributions	10.5	9.6

TRSL Asset Allocation

The following schedule shows the System's asset allocation policy as of June 30, 2016 and June 30, 2015:

Asset Class	Target Allocation 2016	Target Allocation 2015
Domestic equity	31.0%	31.0%
International equity	19.0%	19.0%
Domestic fixed income	14.0%	14.0%
International fixed income	7.0%	7.0%
Alternatives*	29.0%	29.0%
Total fund	**100.0%**	**100.0%**

**Alternative assets include private equity, venture capital, private debt, infrastructure, commodities, and real estate.*

Money-Weighted Rate of Return

For the fiscal years ended June 30, 2016 and 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 0.97% and 2.71% respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

F. 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 System's securities for cash collateral of 100% or other securities collateral of 102%. The System's global managers lend the System's securities for cash collateral or other securities collateral of 105%. Securities on loan at year-end for cash collateral are presented as uncategorized in the preceding schedule of custodial credit risk. Securities lent for securities collateral are classified according to the category for the collateral. 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.

All securities' loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities' collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In 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% of the cash invested.

The following table presents the fair values of securities on loan and the collateral held for the System at June 30, 2016 and 2015:

Security Type	Fair Value of Securities on Loan 2016	Fair Value of Collateral Held 2016	Fair Value of Securities on Loan 2015	Fair Value of Collateral Held 2015
U.S. government & agency	$ 164,096,613	$ 168,037,644	$ 321,663,114	$ 329,711,234
U.S. fixed income	152,512,445	156,414,005	152,218,313	156,251,979
U.S. equity	1,862,569,770	1,909,938,934	2,396,427,219	2,511,349,540
International fixed income	21,540,266	22,403,241	39,277,457	40,930,676
International equity	277,239,816	296,790,638	349,482,854	396,910,248
Total	**$ 2,477,958,910**	**$ 2,553,584,462**	**$ 3,259,068,957**	**$ 3,435,153,677**

G. Derivatives

TRSL invests in asset/liability derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, futures, short sales, and written options. TRSL 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. TRSL was invested in a futures based overlay program, foreign exchange contracts, and short sales and written options at June 30, 2016, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and cost effective manner. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in Note D. Deposits and Risk Disclosures.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016 and 2015 classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2016		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives:					
Futures based overlay program	Net app/(depr) in fair value of domestic	$ 16,459,408	International common and preferred stocks	$ 16,883,588	$ 370,114,365
Foreign exchange contracts	Net app/(depr)	$ (1,158,640)	International common and preferred stock	$ (1,158,640)	$ 1,071,674,181
Short fixed income & written options	Net app/(depr)	$(61,868,031)	Alternative investments	$(208,134,821)	N/A

	Changes in Fair Value		Fair Value at June 30, 2015		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives:					
Futures based overlay program	Net app/(depr) in fair value of domestic	$ 1,367,469	Other Receivables	$ 424,180	$ 175,671,375
Short sales and written options	Alternative investment income	$ (22,493,069)	Alternative investments	$(146,266,790)	N/A

TRSL was invested in the following derivatives throughout the year:

1. *Interest-Only Strips and Principal-Only Strips*

Interest-only (IO) and principal-only (PO) strips are transactions that 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 of 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 (CMOs) are bonds that are collateralized by 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 that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs 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 causes 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.

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.

6. Short Sales and Written Options

A short sale is the sale of a security or commodity futures contract that is not owned by the seller. It is a technique used to take advantage of an anticipated decline in the price or to protect a profit in a long position. In general, options are a right to buy or sell property that are granted in exchange for an agreed upon sum. If the right is not exercised after a specified period, the option expires and the option buyer forfeits the money.

Derivatives, such as futures, options, and swaps, may be used for the following purposes: (1) to adjust dollar-weighted duration and term structure of the portfolio; (2) to protect against the downside on credit defaults; (3) to dampen volatility; (4) to create synthetic exposures not otherwise prohibited by investment policy guidelines; and (5) to take advantage of periodic pricing anomalies.

H. Contingent Liabilities

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

I. Other Post-Employment Benefits

Plan Description

The State of Louisiana's Post-Retirement Benefit Plan, Office of Group Benefits (OGB) is an agent multiple-employer, post-employment healthcare plan that covers retired employees of the state, as well as school boards and various other non-state employers. OGB provides health and life insurance benefits to eligible retirees, their spouses, and their dependents. Current employees, who participate in the health plan while active, are eligible for plan benefits if they retire under an approved Statewide Retirement System. The amount of State health subsidy is based on the date of participation in an OGB plan (before or after January 1, 2002) and service at retirement. For those beginning participation or rejoining after 2001, a "full subsidy" is provided after 20 years. A full subsidy constitutes a cost-sharing arrangement whereby the retiree is responsible for 25.0% of the total contribution rate. Less subsidy is provided for participation under 20 years. Pre 2002 OGB participants who retire under the Plan pay 25% of the cost of coverage regardless of service.

Louisiana Revised Statutes 42:801-883 assign the authority to establish and amend the benefit provisions of the plan to the state legislature. Additional information on the plan can be obtained by writing the Office of Group Benefits at 1201 N. 3rd St., Suite G-159, Baton Rouge, La. 70802 or by calling 1-800-272-8451 or visiting info.groupbenefits.org.

Funding Policy. Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Summary of Plan Provisions

Employees with continuous OGB medical coverage starting before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost) in retirement.

Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

OGB Participation	Retiree Share	State Share
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

Total monthly per capita premium equivalent rates effective January 1, 2016 and July 1, 2015 are shown in the table below:

	January 1, 2016		July 1, 2015	
	PPO (Magnolia Local Access)	HMO (Magnolia Local Plus)	PPO	HMO
Active				
Single	$ 653.38	$ 628.52	$ 653.38	$ 555.98
With spouse	1,387.88	1,334.90	1,387.88	1,180.98
Retired with 1 Medicare				
Single	1,215.66	1,173.08	1,215.66	1,034.42
With spouse	2,146.62	2,071.30	2,146.62	1,826.58
Retired with 1 Medicare				
Single	395.34	388.09	395.34	336.39
Retired with 2 Medicare				
With spouse	710.60	695.67	710.60	604.66

All members who retire on or after July 1, 1997, must have Medicare Parts A and B to qualify for the reduced premium rate. There is also a zero premium plan offered free of charge.

Total 2016 and 2015 monthly premium rates for the Medicare Advantage Plans are:

	2016		2015	
	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Peoples Health HMO - POS	$ 242.00	$ 484.00	$ 242.00	$ 484.00
Vantage HMO - POS	197.44	394.88	150.62	301.22
Vantage Premium HMO - POS	267.56	535.12	346.50	621.14

The state is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 29.8% of annual covered payroll.

Annual Other Post-Employment Benefits (OPEB) Cost

The following table shows the components of TRSL's annual OPEB cost for the years 2016 and 2015 and the amounts actually contributed to the plan.

	2016	2015
Annual required contribution (ARC)	$ 1,396,158	$ 1,335,000
Interest on net OPEB obligation	513,442	445,300
Adjustment to ARC	(490,497)	425,400
Annual OPEB cost expense	1,419,103	2,205,700
Less contributions made	(592,208)	(519,864)
Prior year correction	(850,900)	0
Increase (decrease) in net OPEB obligation	(24,005)	1,685,836
Net OPEB obligation – beginning of year	12,836,065	11,150,229
Net OPEB obligation – end of year	12,812,060	12,836,065

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	$ 1,510,900	30.65%	$ 11,150,229
6/30/15	2,205,700	23.14%	12,836,065
6/30/16	1,419,103	41.73%	12,812,060

Funded Status and Funding Progress. The funding status of the plan was as follows:

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]
7/1/14	$ 0	$ 18,395.2	$ 18,395.2	0.0%	$ 4,651.6	395.46%
7/1/15	$ 0	$ 19,327.9	$ 19,327.9	0.0%	$ 4,677.8	413.18%

**Dollar Amounts in Thousands.*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. In future years, it will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, a projected unit credit cost method was used. The valuation results were developed assuming a discount rate of 4.0%. The discount rate reflects the expected long term rate of return for the assets expected to pay the post-employment benefits.

The determination of the July 1, 2015 accrued liability assumes a starting healthcare trend rate of 7.5% (6.5% post 65) grading down by 0.5% annually until an ultimate trend rate of 4.5% is reached.

The valuation utilized employee data plan information and claims data provided by the State of Louisiana. The RP-2014 mortality tables projected to 2030 using Scale MP-14 were applied on a gender-specific basis and the most recent pension valuation for assumptions such as retirement and termination were also used.

J. Defined Benefit Pension Plan:

Plan Description

All full-time TRSL employees who do not participate in TRSL participate in Louisiana State Employees Retirement System (LASERS). LASERS is a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan.

Benefits Provided

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The following is a brief description of the plan and its benefits. Participants should refer to the appropriate statutes for more complete information.

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service. Additionally, members may choose to retire with 20 years of service at any age with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity.

As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.3% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011 was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the LASERS' realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

Members who enter DROP on or after January 1, 2004 are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than LASERS' realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004 are required to enter the SDP as described above.

Disability Benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retirement recipient may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006, and the System is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended June 30, 2016 was 37.2% of annual covered payroll. The System's contribution to LASERS for the year ended June 30, 2016 was $1,665,310.

Pensions—Significant Accounting Policy

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of LASERS and changes in LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016 and June 30, 2015, the System reported a liability of $15,905,177 and $14,951,289, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2016, the System's proportion was 0.23385%, which was a decrease of 0.005% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016 and June 30, 2015, the System recognized pension expense of $1,773,559 and $2,078,530 respectively. At June 30, 2016 and June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,262	$ 130,275
Net difference between projected and actual earnings on pension plan investments	—	14,384
Changes in proportion and differences between employer contributions and proportionate share of contributions	708,956	68,948
Employer contributions subsequent to the measurement date	1,665,310	—
Total	**$ 2,395,528**	**$ 213,607**

2015	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 266,414
Net difference between projected and actual earnings on pension plan investments	0	1,891,481
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,919,887	86,501
Employer contributions subsequent to the measurement date	1,660,791	0
Total	**$ 3,580,678**	**$ 2,244,396**

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of $1,665,310 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended June 30:	
2017	$ 539,500
2018	(246,929)
2019	(119,212)
2020	343,252
2021	—
Thereafter	—

Actuarial Assumptions

The total pension liability in the June 30, 2015 and June 30, 2014 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement. The significant methods and assumptions used in calculating the actuarially determined contributions are as follows:

Valuation date	June 30, 2015 and 2014
Amortization approach	Closed
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.75% net of investment expenses
Inflation rate	3.0% per annum
Projected salary increases	3.0% - 14.5% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. RP-2000 Disabled Retiree Table, with no projection for mortality improvement
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

The actuarial assumptions used in the June 30, 2015 and June 30, 2014 valuations were based on the results of an actuarial experience study for the period beginning July 1, 2008 and ending June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/ diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 and June 30, 2014 are summarized in the following tables:

2015 Asset Class	2015 Target Allocations	2015 Long-Term Expected Real Rate of Return
Cash	0%	0.24%
Domestic equity	27%	4.56%
International equity	30%	5.67%
Domestic fixed income	10%	2.24%
International fixed income	2%	3.64%
Alternative investments	24%	7.82%
Global tactical asset allocation	7%	3.70%
Total	**100%**	

2014 Asset Class	2014 Target Allocations	2014 Long-Term Expected Real Rate of Return
Cash	0%	0.50%
Domestic equity	27%	4.69%
International equity	30%	5.83%
Domestic fixed income	11%	2.34%
International fixed income	2%	4.00%
Alternative investments	23%	8.09%
Global tactical asset allocation	7%	3.42%
Total	**100%**	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at actuarially determined contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the employers' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.75%, or one percentage-point higher, 8.75%, than the current rate:

	1.0% Decrease 6.75%	Current Discount Rate 7.75%	1.0% Increase 8.75%
Proportionate share of the net pension liability 2015	$ 20,075,788	$ 15,905,177	$ 12,363,340
Proportionate share of the net pension liability 2014	$ 19,176,240	$ 14,951,289	$ 11,370,041

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2015 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan

As of June 30, 2016 and 2015, TRSL reported a payable of $52,383 and $40,313, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2016 and 2015.

K. Change in Accounting Principle

The System adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions during the fiscal year ending June 30, 2015. The adoption of this statement required the System to record a beginning net pension liability and the effects on net position of the contributions made by the System during the measurement period (fiscal year ending June 30, 2014). As a result, beginning net position decreased by $13,197,268 for the earliest year presented. The change in accounting principle consisted of the System's proportionate share of the collective net pension liability as of the beginning of the initial period of implementation of $14,538,436 and was offset by deferred outflows of resources for contributions to the pension plan made between the measurement date of the beginning net pension liability and the beginning of the System's fiscal year of $1,341,168. The System did not restate beginning balances relating to all other deferred inflows of resources or deferred outflows of resources related to pensions as it was not practical to determine these amounts.

L. Reclassification

Certain amounts in 2015 have been reclassified to conform to the current year presentation.

M. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 14, 2016, which is the date the financial statements were available to be issued. The investment market improved after year end, resulting in an overall increase in the System's investment values during the next fiscal year.

N. GASB 72 Disclosures - Fair Value Measurement and Application

Teachers' Retirement System of LA, a pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy. The derivative instruments held by the System are considered investments and not hedges for accounting purposes.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016 and June 30, 2015 respectively:

June 30, 2016			**Fair Value Measurement Using**	
		Quoted Prices in Active Markets	**Significant Other Observable Markets**	**Significant Unobservable Inputs**
		(Level 1)	**(Level 2)**	**(Level 3)**
Investments by Fair Value Level				
Debt Investments				
U. S Treasury and Government Obligation	$ 1,052,788,543	$ 509,683,869	$ 543,104,674	$ 0
Corporate Bonds	517,405,270	5,221,901	501,935,882	10,247,487
Miscellaneous	257,938,903	0	256,383,418	1,555,485
International Bonds	1,413,994,202	915,432	1,411,069,187	2,009,583
Domestic & International Short-Term Investments	1,307,428,499	623,748,024	181,262,070	502,418,405
Total Debt Securities	**$ 4,549,555,417**	**$1,139,569,226**	**$ 2,893,755,231**	**$ 516,230,960**
Equity Securities				
Large Cap	$ 3,212,808,878	$3,212,808,878	0	0
Mid Cap	695,834,062	695,834,062	0	0
Small Cap	1,150,608,077	1,150,608,077	0	0
International Equities	2,485,119,927	2,471,710,108	13,409,819	0
Other	102,130,135	72,558,290	29,571,844	1
Total Equity Securities	**$ 7,646,501,079**	**$7,603,519,415**	**$ 42,981,663**	**$ 1**
Alternative Assets and Real Estate:				
Private Equity Investments	$ 2,801,667,471	$ 25,309,601	$ 0	$ 2,776,357,870
Real Estate Investments	631,428,286	0	0	631,428,286
Mezzanine Financing Investments	509,013,603	0	0	509,013,603
Total Alternative Assets and Real Estate	**$ 3,942,109,360**	**$ 25,309,601**	**$ 0**	**$ 3,916,799,759**
Total Investments at Fair Value Level	**$ 16,138,165,856**	**$8,768,398,242**	**$ 2,936,736,894**	**$ 4,443,030,720**
Investments measured at Net Asset Value (NAV)	$ 1,504,419,762			
Investment Derivatives				
Futures	$ 16,883,588	$ 16,883,588	$ 0	$ 0
Short Cash & Cash Equivalent and Fixed income and Written Options Fixed Income and Futures	(208,134,821)	(158,577)	(207,976,244)	0
Foreign Exchange Contracts	(1,158,640)	0	(1,158,640)	0
Total Investment Derivatives	**$ (192,409,873)**	**$ 16,725,011**	**$ (209,134,884)**	**$ 0**
Total Investments at Fair Value	**$ 17,450,175,745**			

June 30, 2015			Fair Value Measurement Using	
		Quoted Prices in Active Markets	Significant Other Observable Markets	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Debt Investments				
U. S. Treasury and Government Obligation	$ 924,009,187	$ 481,112,756	$ 442,896,431	$ 0
Corporate Bonds	537,516,295	0	527,134,976	10,381,319
Miscellaneous	314,131,221	0	314,131,221	0
International Bonds	1,489,882,945	1,656,250	1,487,107,559	1,119,136
Domestic & International Short-Term Investments	990,777,882	453,291,880	56,413,139	481,072,863
Total Debt Securities	**$ 4,256,317,530**	**$ 936,060,886**	**$ 2,827,683,326**	**$ 492,573,318**
Equity Securities				
Large Cap	$ 3,361,723,425	$ 3,361,723,425	$ 0	$ 0
Mid Cap	711,352,416	711,352,416	0	0
Small Cap	1,330,665,537	1,330,665,537	0	0
International Equities	2,702,941,588	2,690,606,746	12,334,124	718
Other	74,820,233	57,371,677	17,448,556	0
Total Equity Securities	**$ 8,181,503,199**	**$ 8,151,719,801**	**$ 29,782,680**	**$ 718**
Alternative Assets and Real Estate:				
Private Equity Investments	$ 2,631,655,956	$ 102,180,658	$ 0	$ 2,529,475,298
Real Estate Investments	664,433,981	0	0	664,433,981
Mezzanine Financing Investments	454,277,090	0	0	454,277,090
Total Alternative Assets and Real Estate	**$ 3,750,367,027**	**$ 102,180,658**	**$ 0**	**$ 3,648,186,369**
Total Investments at Fair Value Level	**$16,188,187,756**	**$ 9,189,961,345**	**$ 2,857,466,006**	**$ 4,140,760,405**
Investments measured at Net Asset Value (NAV)	$ 1,480,637,298			
Investment Derivatives				
Short Cash & Cash Equivalent and Fixed Income and Written Options Fixed Income and Futures	(146,266,789)	0	(146,266,789)	0
Total Investment Derivatives	**$ (146,266,789)**	**$ 0**	**$ (146,266,789)**	**$ 0**
Total Investments at Fair Value	**$17,522,558,265**			

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Securities classified in Levels 2 and 3 of the fair value hierarchy are valued using a proprietary matrix based on asset class (e.g. 'sector code', 'firm code' or 'asset type code'). Matrix pricing relies on the securities' relationship to other benchmark quoted securities.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2016 are presented in the following table.

		2016 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
JP Morgan Strategic Property Fund	(1)	$ 412,621,825	0	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(2)	205,265,796	0	Quarterly	60 days prior to quarter end
Prudential Real Estate	(3)	221,179,316	0	Quarterly	1 quarter prior to the quarter the redemption is required
Dimensional Funds-Emerging Markets Value Portfolio	(4)	372,331,569	0	Daily	N/A
Dimensional Funds-International Small Co. Portfolio	(5)	293,021,256	0	Daily	N/A
Total		**$ 1,504,419,762**			

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2015 are presented in the following table.

		2015 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
JP Morgan Strategic Property Fund	(1)	$ 374,500,636	0	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(2)	183,318,913	0	Quarterly	60 days prior to quarter end
Prudential Real Estate	(3)	196,164,850	0	Quarterly	1 quarter prior to the quarter the redemption is required
Dimensional Funds-Emerging Markets Value Portfolio	(4)	421,892,428	0	Daily	N/A
Dimensional Funds-International Small Co. Portfolio	(5)	304,760,471	0	Daily	N/A
Total		**$ 1,480,637,298**			

1. JP Morgan Strategic Property Fund. Strategic Property Fund is an actively managed diversified, pure core, open-end commingled pension trust fund. It invests in high-quality stabilized office, retail, residential and industrial assets with dominant competitive characteristics in primary markets throughout the United States. Properties are well leased, generating significant operating cash flow and a high income return. Broad diversification, both geographically and by sector, have contributed to strong risk adjusted returns of 9.8% gross of fees (8.7 % net of highest applicable fees) since the Fund's inception in January 1998. The Fund's size, quality, consistent pure core strategy, high occupancy, low lease rollover, solid income, conservative leverage and staggered debt maturities position the Fund well to execute on its strategy. Investments in Funds are valued at the current day closing net asset value per share. As part of the Trustee's valuation process, properties are externally appraised generally on an annual basis, conducted by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute with the professional designation MAI. In addition, the Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices ("USPAP").To the extent that redemption requests exceed available cash, distributions are pro-rated based on the participant's interest in the Fund. All withdrawals will be treated equally whether for fees, benefit payments, plan termination or asset allocation. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves. The fund's redemption notice period is 45 days; therefore any sales price could differ from the net asset value because of the 45-day notice period.

2. MetLife Core Property Fund (MCPF). The strategy of the MetLife Core Property Fund is to actively manage a diversified portfolio of core institutional real estate assets that offer the potential to deliver attractive returns through a combination of current income and capital appreciation. As a core open-end fund, the strategy is to invest in property types that have both deep institutional quality stock and deep institutional investor bases. The Fund limits its investments in non-core properties to 10% of the Fund GAV (plus unfunded capital commitments). Geographically the Fund invests in U.S. real estate assets and focuses on primary markets; the Fund strategy does not include a major focus on secondary and tertiary markets.

   Specific investment characteristics of targeted Investments for the Fund include:

   - Stabilized investments with high-quality physical improvements;
   - Attractive locations within supply-constrained metropolitan areas and with superior competitive market positions;
   - Favorable long-term economic, demographic and fundamental real estate trends;
   - Well-leased properties with diversified rent roll and manageable lease rollover;
   - Minimal need for near term capital expenditures;
   - Stable, predictable income stream, which constitutes a significant portion of the expected total return over the hold period; and
   - Readily marketable assets that enable an efficient exit.

   Investors may request that the General Partner redeem all or any portion of their shares on quarterly basis with 60 days written notice prior to the end of the quarter for which the request is to be effective; however, the Fund will not be obligated to sell assets, borrow funds, or alter investment or capital improvement plans to meet redemption requests. Units will be redeemed in cash at a price that reflects the Fund NAV as of the last day of the calendar quarter immediately preceding the effective date of the redemption, as adjusted for additional contributions and distributions.

   If liquid assets are insufficient to redeem all Fund redemption requests, a pro rata portion of the outstanding Fund redemption interests pursuant to such requests based upon the relative Fund percentage interests as of such redemption date of the Fund investors who are being redeemed (regardless of the redemption effective date of the redemption notices), will be redeemed to the extent that liquid assets are available, and in each case within 10 days after the Fund NAV for the end of a calendar quarter has been determined.

MCPF has established proprietary guidelines for initial and on-going valuation of real estate investments, taking into consideration the following guidelines and professional standards, as applicable:

- NCREIF PREA Reporting Standards (“RS”), formerly known as Real Estate Information Standards (“REIS”) initially published in 1993 by a joint task force of representatives from NCREIF, NAREIM and PREA, and last revised on December 8, 2014. These standards promote consistent, comparable, transparent, and verifiable financial information. See the RS web site at www.reportingstandards.info for complete details.
- European Association for Investors in Non-Listed Real Estate Vehicles (“INREV”) was incorporated in September 2002 and launched in May 2003, as a nonprofit association that provides an integrated set of principles, guidelines and recommendations for governance, and information provision in relation to non-listed real estate vehicles. See the INREV web site at www.inrev.org for complete details.
- Uniform Standards of Professional Appraisal Practice (“USPAP”) published by The Appraisal Foundation, a non-profit organization dedicated to the advancement of professional valuation. USPAP represents the generally accepted and recognized standards of appraisal practice in the United States for performing and reporting valuations. See The Appraisal Foundation web site at www.appraisalfoundation.org for complete details.
- International Valuation Standards (“IVS”) develops and maintains standards for the reporting and disclosure of valuations, especially those that will be relied upon by investors and other third party stakeholders through a framework of guidance on best practice for valuations of the various classes of assets and liabilities. IVS represents the generally accepted and recognized standards of appraisal practice outside the United States for performing and reporting valuations. See the International Valuation Standards Counsel web site at www.ivsc.org for complete details.

These policies and procedures deem these standards to be relatively consistent and complementary to one another. If a conflict among these standards materializes, these policies and procedures will place primary reliance on the standard most applicable to the given situation. These policies and procedures will be updated at least annually to document and resolve any conflicts.

The fund’s redemption notice period is 60 days; therefore any sales price could differ from the net asset value because of the 60-day notice period.

3. <u>Prudential Real Estate</u>. The fund’s investment objective is to produce a total return each year that outperforms the NCREIF Fund Index Open End Diversified Core Equity (NFI-ODCE) on a total-return basis each year while maintaining the benefits of a broadly diversified, core portfolio. Investors may request a withdrawal from PRISA SA at any time. Redemptions are paid only on Valuation Dates, on the last business day of a calendar quarter. All written requests received by PGIM Real Estate at least a quarter prior to the Valuation Date will be eligible for payment. For example, a written request received during the first calendar quarter will be eligible to be paid on the last business day of June. PGIM Real Estate may, in its discretion, waive the notice requirement.

   Redemption payments are subject to Available Cash as determined by PGIM REAL ESTATE after all contractual obligations are met and appropriate reserves are maintained to meet anticipated future portfolio operating requirements. If eligible redemption requests exceed Available Cash in a given quarter, an exit queue will be established.

   Investments in Funds are valued at the current day closing net asset value per share. A Unit Value is the value of a single unit or “share” in an investment account on the specified day. The Unit Value changes depending on the investment results of the investment account and reflects realized and unrealized capital gains/losses, investment income and may include fees/expenses. The estimate of fair value for real estate is based on the conventional approaches to value, all of which require the exercise of subjective judgment. The three approaches are: (1) current cost of reproducing the real estate less deterioration and functional and economic obsolescence; (2) discounting a series of income streams and reversion at a specific yield or by directly capitalizing a single year income estimate by an appropriate factor; and (3) value indicated by recent sales of comparable real estate in the market. In the reconciliation of these three approaches, the independent appraiser uses one or a combination of them, to come up with the approximated value for the type of real estate in the market.

The fund's redemption notice period must be at least 90 days; therefore any sales price could differ from the net asset value because of the 90-day notice period.

4. <u>Dimensional Funds-Emerging Markets Value Portfolio</u>. The investment objective of the Emerging Markets Value Portfolio is to achieve long-term capital appreciation. The Emerging Markets Value Portfolio is a Feeder Portfolio and pursues its objective by investing substantially all of its assets in its corresponding Master Fund, the Dimensional Emerging Markets Value Fund (the "Emerging Markets Value Fund"), which has the same investment objective and policies as the Portfolio. Securities held by the Fund, including over-the-counter securities, are valued at the last quoted sale price at the close of the exchanges on which they are principally traded (official closing price). International equity securities are subject to a fair value factor, as described later in this note. Securities held by the Fund that are listed on NASDAQ are valued at the NASDAQ Official Closing Price ("NOCP"). If there is no last reported sale price or NOCP for the day, the Fund values the securities at the mean of the most recent quoted bid and asked prices. Price information on listed securities is taken from the exchange where the security is primarily traded. Generally, securities issued by open-end investment companies are valued using their respective net asset values or public offering prices, as appropriate, for purchase orders placed at the close of the New York Stock Exchange (NYSE). These securities are generally categorized as Level 1 in the hierarchy. Securities for which no market quotations are readily available (including restricted securities), or for which market quotations have become unreliable, are valued in good faith at fair value in accordance with procedures adopted by the Board of Directors/Trustees. Fair value pricing may also be used if events that have a significant effect on the value of an investment (as determined in the discretion of Dimensional Fund Advisors L.P.) occur before the net asset value is calculated. When fair value pricing is used, the prices of securities used by the Fund may differ from the quoted or published prices for the same securities on their primary markets or exchanges. These securities are generally categorized as Level 2 in the hierarchy. The Fund will also apply a fair value price in the circumstances described below. Generally, trading in foreign securities markets is completed each day at various times prior to the close of the NYSE. For example, trading in the Japanese securities markets is completed each day at the close of the Tokyo Stock Exchange (normally, 2:00 a.m. E.T.), which is fourteen hours before the close of the NYSE (normally, 4 p.m. E.T.) and the time that the net asset value of the Fund is computed. Due to the time differences between the closings of the relevant foreign securities exchanges and the time the Fund prices its shares at the close of the NYSE, the Fund will fair value its foreign investments when it is determined that the market quotations for the foreign investments are either unreliable or not readily available. The fair value prices will attempt to reflect the impact of the U.S. financial markets' perceptions and trading activities on the Fund's foreign investments since the last closing prices of the foreign investments were calculated on their primary foreign securities markets or exchanges. For these purposes, the Board of Directors/Trustees of the Fund have determined that movements in relevant indices or other appropriate market indicators, after the close of the Tokyo Stock Exchange or the London Stock Exchange, demonstrate that market quotations may be unreliable. Fair valuation of portfolio securities may occur on a daily basis. The fair value pricing by the Fund utilizes data furnished by an independent pricing service (and that data draws upon, among other information, the market values

of foreign investments). When the Fund uses fair value pricing, the values assigned to the foreign investments may not be the quoted or published prices of the investments on their primary markets or exchanges. These securities are generally categorized as Level 2 in the hierarchy. Investors may purchase or redeem shares of the Emerging Markets Value Portfolio on each day that the NYSE is scheduled to be open for business by first contacting the Portfolio's transfer agent.

5. Dimensional Funds-International Small Company Portfolio. The investment objective of the International Small Company Portfolio is to achieve long-term capital appreciation. The International Small Company Portfolio is a "fund of funds," which means the Portfolio generally allocates its assets among other funds managed by Dimensional Fund Advisors L.P. (the "Advisor") (the "Underlying Funds"), although it has the ability to invest directly in securities and derivatives. The International Small Company Portfolio seeks to achieve its investment objective of providing investors with access to securities portfolios consisting of a broad range of equity securities of primarily small Canadian, Japanese, United Kingdom, European, and Asia Pacific companies. The International Small Company Portfolio also may have some exposure to small cap equity securities associated with other countries or regions. The International Small Company Portfolio pursues its investment objective by investing substantially all of its assets in the following Underlying Funds: The Canadian Small Company Series, The Japanese Small Company Series, The Asia Pacific Small Company Series, The United Kingdom Small Company Series, and The Continental Small Company Series of The DFA Investment Trust Company. The International Small Company Portfolio (a feeder fund) value reflects its proportionate interest in the net assets of the corresponding Master Fund. Investors may purchase or redeem shares of the International Small Company Portfolio on each day that the NYSE is scheduled to be open for business by first contacting the Portfolio's transfer agent.

Hungarian Settlement School

Established 1928 • Albany

The Hungarian Settlement School is a lasting reminder of the history and heritage of Hungarian immigrants in Livingston Parish. Hungarians were attracted to the area by the Charles Brackenridge Lumber Company, which advertised in Hungarian newspapers promising employment and land. The actual wooden structure of the school was built in 1908 and was known as Springfield School. In the late 1920s, it was moved to Hungarian Settlement and became the Hungarian Settlement School. Although a typical school for children during the day, the school played an important role as an adult education center in the evening, offering many classes related to naturalization. The Hungarian Settlement School is now the Hungarian Settlement Museum.

Financial Section (cont'd)

Schedules of Changes in Employers' Net Pension Liability

	2016	2015	2014
Total pension liability			
Service cost	$ 441,619,569	$ 459,658,120	$ 462,730,192
Interest	2,174,908,690	2,137,096,756	2,086,494,384
Changes of benefit terms	216,473,124	0	200,806,602
Differences between expected and actual experience	(157,739,253)	(62,489,198)	(122,326,978)
Changes of assumptions	0	0	0
Retirement benefits	(1,999,272,395)	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(49,884,654)	(52,402,762)	(58,777,337)
Net change in total pension liability	**626,105,081**	**526,760,334**	**691,812,960**
Total pension liability - beginning	**28,646,296,897**	**28,119,536,563**	**27,427,723,603**
Total pension liability - ending (a)	**$ 29,272,401,978**	**$ 28,646,296,897**	**$ 28,119,536,563**
Plan fiduciary net position			
Employer contributions[1]	1,157,901,123	1,217,466,676	1,176,569,685
Non-employer Contributions	38,193,328	37,425,629	35,927,881
Employee contributions	330,773,316	324,920,644	326,007,091
Net investment income[1]	177,422,752	443,034,317	2,815,090,995
Other income	2,951,433	13,866,589	7,880,853
Retirement benefits[1]	(1,999,272,395)	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(49,884,654)	(52,402,762)	(58,777,337)
Administrative expense	(16,306,240)	(18,023,794)	(15,026,969)
Other post-employment benefit expenses	24,005	(1,685,836)	(1,047,832)
Depreciation and amortization expenses	(407,105)	(384,426)	(322,881)
Accounting principle change	0	(13,197,268)	0
Net change in plan fiduciary net position	**(358,604,437)**	**(4,082,813)**	**2,409,187,583**
Plan fiduciary net position - beginning	**17,894,019,588**	**17,898,102,401**	**15,488,914,818**
Plan fiduciary net position - ending (b)[1, 2]	**$ 17,535,415,151**	**$ 17,894,019,588**	**$ 17,898,102,401**
Net pension liability - ending (a) - (b)	**$ 11,736,986,827**	**$ 10,752,277,309**	**$ 10,221,434,162**
Plan fiduciary net position as a percentage of the total pension liability	**59.9%**	**62.5%**	**63.7%**
Covered employee payroll	**$ 3,869,730,024**	**$ 3,815,648,662**	**$ 3,764,954,727**
Net pension liability as a percentage of covered employee payroll	**303.3%**	**281.8%**	**271.5%**

[1]*Amounts shown exclude side-fund assets held for the LSU Agriculture and Extension Service and associated contributions and benefits.*

[2]*Fair value of assets.*

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedules of Employers' Net Pension Liability

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Total pension liability	$ 29,272,401,978	$ 28,646,296,897	$ 28,119,536,563	$ 27,427,723,603
Plan fiduciary net position[1]	$ 17,535,415,151	$ 17,894,019,588	$ 17,898,102,401	$ 15,488,914,818
Employers' net pension liability[2]	$ 11,736,986,827	$ 10,752,277,309	$ 10,221,434,162	$ 11,938,808,785
Plan fiduciary net position as a percentage of total pension liability	59.9%	62.5%	63.7%	56.5%
Covered employee payroll	$ 3,869,730,024	$ 3,815,648,662	$ 3,764,954,727	$ 3,726,325,750
Net pension liability as a percentage of covered payroll	303.3%	281.8%	271.5%	320.4%

[1]Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Schedules of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Contributions in Relation to Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2007	$ 578,895,501	$ 616,429,526	$ (37,534,025)	$ 3,224,562,742	19.1%
2008	637,097,695	740,511,169	(103,413,474)	3,675,013,831	20.1%
2009	697,190,561	741,595,487	(44,404,926)	3,912,326,326	19.0%
2010	904,382,657	755,446,587	148,936,070	3,977,819,262	19.0%
2011	1,086,319,774	980,393,924	105,925,850	3,902,646,534	25.1%
2012	1,120,095,898	1,127,265,199	(7,169,301)	3,808,760,594	29.6%
2013	1,149,134,132	1,137,733,532	11,400,600	3,726,325,750	30.5%
2014	1,218,397,771	1,258,687,418	(40,289,647)	3,764,954,727	33.4%
2015	1,212,285,929	1,303,570,582	(91,284,653)	3,815,648,662	34.2%
2016	1,177,993,580	1,242,445,786	(64,452,206)	3,869,730,024	32.1%

Schedules of Investment Returns

	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	0.97%	2.71%	19.46%
Schedule is intended to show information for 10 years. Additional years will be presented as they become available.			

Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/13	$ 0	$ 20,458.6	$ 20,458.6	0.00%	$ 6,422.6	318.54%
7/1/14	0	18,395.2	18,395.2	0.00%	4,651.6	395.46%
7/1/15	0	19,327.9	19,327.9	0.00%	4,677.8	413.18%

NOTE: Information on the table above for 2013 was prepared for the Louisiana Office of Group Benefits by Buck Consultants, LLC. Information on the table above for 2014 and 2015 was prepared for the Louisiana Office of Group Benefits by Arthur J. Gallagher & Co.

Schedules of TRSL's Proportionate Share of the Net Pension Liability in LASERS for the Years Ended June 30, 2016 and June 30, 2015

	2016	2015
TRSL's proportion of the net pension liability	0.23385%	0.23911%
TRSL's proportionate share of the net pension liability	$ 15,905,194	$ 14,951,289
TRSL's covered - employee payroll	$ 4,476,486	$ 4,243,320
TRSL's proportionate share of the net pension liability as a percentage of its covered employee payroll	355.31	352.35
Plan fiduciary net position as a percentage of the total pension liability	62.7%	65.0%
Schedule is intended to show information for 10 years. Additional years will be presented as they become available.		

Schedules of TRSL's Contributions to LASERS for the Years Ended June 30, 2016 and June 30, 2015

	2016	2015
Statutorily required contribution	$ 1,665,310	$ 1,656,300
Contributions in relation to the statutorily required contribution	1,665,310	1,660,791
Contribution deficiency (excess)	$ 0	$ (4,491)
TRSL's covered - employee payroll	$ 4,651,703	$ 4,476,486
Contributions as a percentage of covered - employee payroll	35.80%	37.10%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Notes to Required Supplementary Information

A. Schedules of Changes in Employers' Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Foster & Foster Consulting Actuaries, Inc. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

B. Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of TRSL employers' net pension liability as a percentage of covered employee payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through TRSL. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan.

C. Schedules of Employer Contributions

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered employee payroll is presented in this schedule.

D. Schedules of Investment Returns

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

E. Actuarial Assumptions for TRSL's Net Pension Liability

Valuation date	June 30, 2016 and 2015
Actuarial cost method	Entry Age Normal
Amortization approach:	Closed
Expected remaining service lives	5 years
Investment rate of return	7.75% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.

F. Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)

This schedule shows TRSL actuarial accrued liability (AAL) to its retired employees participating in the Office of Group Benefits (OGB) post-employment healthcare plan. The plan is funded on a "pay-as-you-go" basis. Therefore, the ratio of AAL to unfunded AAL (UAAL) is 0.0%. The schedule also represents the percentage of UAAL to covered payroll.

G. Schedule of TRSL's Proportionate Share of the Net Pension Liability in LASERS

This schedule reflects the participation of TRSL employees in LASERS and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability.

H. Schedule of TRSL's Contributions to LASERS

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

Louisiana Tech University

Established 1895 • Ruston

When it opened in 1895, Louisiana Tech, then named Industrial Institute and College of Louisiana, was the only state-supported, four-year college in North Louisiana. Between 1933 and 1937, enrollment at Louisiana Tech surged by almost 60% with little additional state revenue to support the growth. Accreditation problems quickly arose because of the enrollment-funding gap. During this time, President Franklin D. Roosevelt enacted the New Deal—a series of social programs in response to the Great Depression. A massive building program, financed largely with New Deal funds, helped transform the school's grounds into an impressive university campus appropriate for the size of its still-growing student body. There was never a period in the university's history (1936-40) when so many large and important buildings were built within such a short period of time.

Financial Section (cont'd)

Schedules of Administrative Expenses for the Years Ended June 30, 2016, and 2015

	2016	2015
Administrative Expenses:		
Salaries and related benefits	$ 12,988,205	$ 12,703,172
Travel expenses	60,432	88,310
Operating expenses	2,252,280	2,030,027
Professional services	719,409	717,223
Other charges & interagency transfers	75,537	64,831
Acquisitions	102,128	316,656
Pension- LASERS members	(1,665,310)	(1,660,791)
Total administrative expenses	**$ 14,532,681**	**$ 14,259,428**

Schedules of Investment Expenses for the Years Ended June 30, 2016, and 2015

	2016	2015
Investment activities expenses:		
International investment expenses	$ 4,153,459	$ 4,872,981
Alternative investment expenses*	56,422,988	29,909,047
Investment administrative expenses†	1,752,626	1,599,337
Custodian fees	344,806	330,942
Performance consultant fees	880,465	850,105
Advisor fees	35,975,157	36,705,991
Total investment activities expenses	**99,529,501**	**74,268,403**
Securities lending activities expenses:		
Fixed	2,140,816	1,642,524
Equity	2,097,982	(400,449)
International	(1,157,700)	(908,963)
Total securities lending activities expenses	**$ 3,081,098**	**$ 333,112**

**Investment fees and expenses of alternative funds are rebated to TRSL by the general partner as gains are realized. These rebates are accounted for as return of capital.*

†GASB 67 requires the separate display of investment administrative expenses and is no longer included in general administrative expenses.

Schedules of Board Compensation for the Years Ended June 30, 2016, and 2015

	2016		2015	
Board Member	Number of Meetings	Amount	Number of Meetings	Amount
Sheryl R. Abshire, Ph.D.	11	$ 825	13	$ 975
William C. Baker, Ed.D. (term ended 12/31/14) replaced by James A. Taylor, Sr., J.D., Ph.D.	N/A	N/A	10	750
Jerry J. Baudin, Ph.D.	23	1,725	22	1,650
Kimberly Flair replaced Joe A. Potts, Jr.	20	1,500	12	900
Joyce P. Haynes	23	1,725	19	1,425
Robert Lawyer	21	1,575	20	1,500
Holly B. Gildig	20	1,500	21	1,575
Kathy Hattaway	16	1,200	20	1,500
David A. Hennigan	21	1,575	22	1,650
Alonzo R. “Lonnie" Luce, Ph.D.	14	1,050	16	1,200
Tia T. Mills, Ed.D. replaced Carlos J. Sam	13	975	N/A	N/A
John G. Parauka	18	1,350	19	1,425
Joe A. Potts, Jr. (term ended 12/31/14) replaced by Kimberly Flair	N/A	N/A	10	750
Carlos J. Sam (term ended 6/30/15) replaced by Tia T. Mills, Ed.D.	N/A	N/A	16	1,200
James A. Taylor, Sr., J.D., Ph.D. replaced William C. Baker, Ed.D.	21	1,575	11	825
Total compensation		**$ 16,575**		**$ 17,325**

Schedules of Payments to Non-Investment Related Consultants and Vendors for the Years Ended June 30, 2016, and 2015

	2016	2015
Actuaries	$ 257,280	$ 244,520
Foster & Foster Consulting Actuaries, Inc.		
Hall Actuarial Associates		
Cavanaugh Macdonald Consulting, L.L.C.		
Auditor/Accountant	92,875	72,925
Louisiana Legislative Auditor/Duplantier, Hrapman, Hogan & Maher, L.L.P.		
Louisiana Legislative Auditor/Hawthorn, Waymouth & Carroll, L.L.P.		
Postlewaite & Netterville		
Information Technology and Other Consultants	190,255	237,417
Bowen ECM Solutions, L.L.C.		
CEM Benchmarking, Inc.		
Delphia Consulting, L.L.C.		
Hunt Telecommunications, Inc.		
Investor Responsibility Support Services, Inc.		
Modiphy, Inc.		
Pro Source Technical Services, L.L.C.		
RMJ Consulting		
Scope Solutions Group Holdings, Inc.		
Sign Language Services International		
Success Labs, Inc.		
VR Election Services		
Other Non-Investment Consultants		
Legal	84,512	68,961
Avant & Falcon		
Ice Miller, L.L.P.		
Klausner, Kaufman, Jensen & Levinson		
Other		
Medical		
Examiners	94,487	93,400
Total	**$ 719,409**	**$ 717,223**

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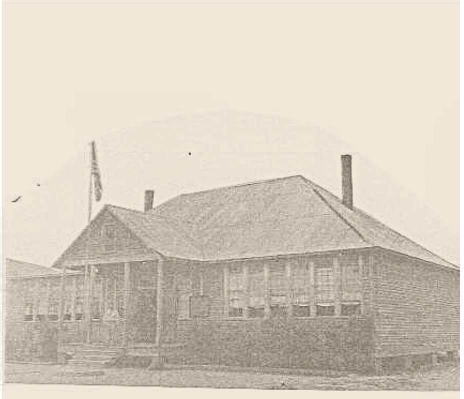

Plaisance School

Established 1920 • Plaisance

The Plaisance School has both state and national significance because it is one of the last remaining Rosenwald Schools in Louisiana. The Rosenwald rural school building program, started by Sears and Roebuck president and philanthropist Julius Rosenwald, was a major initiative that sought to provide public education to African Americans in the early 20th century South. Out of 393 Rosenwald Schools built in Louisiana between 1914 and 1932, only two survive in recognizable form—one is the Plaisance School. Additionally, the Plaisance School is one of a very few Rosenwald Schools still in use as an actual school. It is now an elementary school. The Plaisance School remained the only public school for African Americans in Plaisance until the 1960s.

Investment Section

TRSL
Teachers' Retirement System of Louisiana

www.trsl.org
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web.master@trsl.org
Post Office Box 94123
Baton Rouge LA 70804-9123

September 28, 2016

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

Dear Board Members:

The Teachers' Retirement System of Louisiana (System) earned a 1.60 percent return on investments (gross of fees) for the fiscal year ended June 30, 2016. The System has sustained annualized returns over the past seven years of 10.76 percent, which when compared to other public plans with assets greater than $1 billion, gives the System a top (best) eleventh percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

For the first time since December of 2008, the U.S. Federal Open Market Committee (FOMC) took a step to normalize interest rates by raising the federal funds rate 25 basis points. Impetus for the unanimous decision was based upon continued labor market improvement (unemployment rate fell below 5 percent for the first time since December of 2007) and the Federal Reserves' confidence that inflation will meet its objective in the medium term. Capital market performance for the year was muted as investors grappled with the trajectory, pace, and magnitude of the Federal Reserves' introduction of rate normalization. U.S. fixed income markets paced capital market gains during the year as rate expectations were coalesced with equity valuations. For the fiscal year, the U.S. equity and fixed income markets returned 2.14 percent and 6.00 percent as measured by the Russell 3000 Index and Barclays Capital Aggregate Bond Index, respectively.

Outside of the United States, global central banks continued their stimulative measures with unprecedented actions by the Bank of Japan (BOJ) and the European Central Bank (ECB), which both enacted negative interest rate policies. The ECB lowered the overnight rate charged to banks to a -0.40 percent while increasing monthly bond purchases to 80 billion euros a month. The BOJ, still concerned with deflationary pressures and lackluster economic growth, imposed a negative interest rate policy of -0.10 percent on certain excess cash holdings to weaken the Yen and bolster inflation. These unparalleled monetary actions, however, were unable to circumvent persistent deflationary headwinds as both international and emerging market equities became casualties once risk aversion asserted itself. International investors showed a preference toward stability in the international fixed income markets as fixed income assets outpaced their equity counterparts. The international equity markets, as measured by the MSCI EAFE Index, returned -10.17 percent, and global fixed income returned 8.87 percent as measured by the Barclays Capital Global Aggregate Index. The System's public market assets generated returns 44 basis points below the corresponding benchmark, returning -0.69 percent versus -0.25 percent for the benchmark. Active management within both domestic equity and global fixed income contributed to the public market return's relative shortfall.

In contrast with public market assets, the System's private asset allocations contributed positive absolute returns for the fiscal year. The real estate portfolio was the largest benefactor of the low-interest rate environment. Value added, opportunistic, and core real estate led the alternative asset class, returning 24.55 percent, 11.24 percent, and 11.09 percent, respectively. Distressed debt and corporate finance followed, returning 7.67 percent and 7.45 percent, respectively.

Long term, the System's investment returns continue to outpace peers. The System's investment returns rank in the top (best) 41 percent of public pension funds with assets greater than $1 billion for the 10-year period according to TUCS.

Sincerely,

Philip M. Griffith, CFA, CAIA
Chief Investment Officer

Toll free (outside the Baton Rouge area): 1.877.ASK.TRSL (1.877.275.8775)
Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with Americans with Disabilities Act.

Summary of Investment Policy

Purpose

The Teachers' Retirement System of Louisiana (System) Investment Policy (Policy) establishes the Investment Policy Statement of the System for the management of the assets held for the benefit of participants and beneficiaries of the System in its implementation of a Defined Benefit Plan (Plan).

The Policy defines the investment objectives, policies, and procedures that have been established by the Board of Trustees (Board). The objectives, policies, and procedures outlined in the Policy were created as a framework for the management of the Plan. The Policy is intended to:

- Provide a mechanism to establish and review the Plan's investment objectives;
- Set forth an investment "structure" for managing assets. This structure includes various asset classes and investment styles that, in aggregate, are expected to produce a prudent level of diversification and investment return over time;
- Provide a single document identifying the roles of those responsible for selecting, monitoring, and reviewing the Plan's investments;
- Identify the criteria that may be used for selecting the investment funds (a collective reference as to investment managers, pooled investment funds, and investment fund organizations);
- Establish measurement standards and monitoring procedures to be used in evaluating the performance of investment funds; and
- Establish procedures for evaluating investment funds.

Investment Philosophy

The Policy provides a structure for investing the System's assets to achieve defined investment objectives consistent with applicable law and for managing the investments of the Plan. The System is a long-term investor retaining a broadly diversified portfolio of global assets in both public and private investments.

The policy states the core values and fundamental investment beliefs that will form the basis for investment decisions, as follows:

- One of the most important decisions that the Board makes is to determine the long-term asset allocation decision.
- The Board will define a long-term strategic asset class allocation and rebalance to those allocations within specific ranges; the Board may express a medium-term view that may be different from target allocation, but within allowed ranges.
- The achievement of long-term investment goals is the result of sound strategic decisions and consistency in implementation.
- It is necessary to use long time frames and appropriate benchmarks to fairly evaluate active manager performance. Performance differences in asset classes, strategies, styles, and market capitalizations will have multi-year cycles.
- Investment implementation should be cost effective.
- Active investment management should be applied in asset classes and strategies where evidence of favorable value added potential exists.

Investment Objectives

The investment objectives of the System have been established in conjunction with a comprehensive review of the current and projected financial requirements.

The Board's investment objectives are to:

- Protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries; and
- Achieve investment returns sufficient to meet the actuarial rate necessary to improve the future soundness of the System.

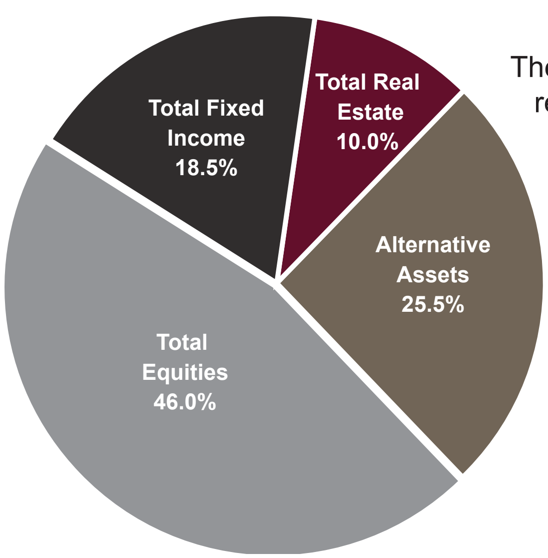
The desired investment objective is a long-term compound rate of return on the System's assets of 3.9% above the Consumer Price Index (CPI-U) seasonally adjusted or the actuarial rate (currently 7.75%), whichever is higher. Market performance varies and this return objective may not be meaningful during some periods.

While there can be no complete assurance that these objectives will be realized, this Policy is believed to provide a sound basis to successfully achieve System objectives.

Asset Allocation Guidelines

The System has established a target allocation for each asset class below effective June 3, 2016. It shall be the policy of the System to invest the assets within the minimum and maximum range for each asset class, as stated below:

Asset Class	Minimum	Target	Maximum
Large Cap U.S. Equity	15.0%	20.0%	25.0%
Small Cap U.S. Equity	2.0%	5.0%	8.0%
U.S. REITs	0.0%	2.0%	4.0%
International (Non-U.S.) Equity	7.0%	11.0%	15.0%
Emerging Markets Equity	4.0%	8.0%	12.0%
Core U.S. Fixed Income	7.0%	9.0%	13.0%
High Yield Bonds	2.0%	4.0%	6.0%
Non-U.S. Developed Bond (0% Hedged)	0.0%	2.0%	4.0%
Emerging Market Bonds (Sov. Local)	0.0%	3.5%	6.0%
Private Real Estate (Core)	0.0%	5.0%	9.0%
Private Real Estate (Non-Core)	0.0%	5.0%	9.0%
Private Equities - Buyouts	6.0%	11.0%	16.0%
Private Equity - Venture Capital	0.0%	3.0%	6.0%
Private Equity - Mezzanine	2.0%	5.0%	16.0%
Private Equity - Distressed Debt	0.0%	3.0%	5.0%
Infrastructure	0.0%	1.5%	4.0%
Commodities	0.0%	1.0%	3.0%
Farmland	0.0%	1.0%	3.0%
Total Fund		100%	
Total Equities (includes REITs)	34.0%	46.0%	58.0%
Total Fixed Income	10.0%	18.5%	28.0%
Total Private Assets	10.0%	25.5%	35.0%
Total Real Estate (ex REITs)	5.0%	10.0%	15.0%
Total Portfolio		100%	



The asset allocation ranges established by this investment policy represent a long-term perspective. Investment managers will be evaluated on the performance of the total portfolio that they manage.

It is expected that all assets of the System will be managed in accordance with the Louisiana Revised Statutes.

Investment Guidelines

The following general guidelines apply for the overall plan assets of the System. Specific guidelines for investment managers are provided in an Appendix to the Policy.

- Investments shall possess value and quality corroborated by accepted investment techniques and standards of fundamental or systematic economic, financial, and security analysis.
- Securities transactions shall be executed by the investment managers and the managers shall seek to achieve best price and best execution transaction(s).
- The following categories are restricted for the System's investments (pertains to non-alternative investments):
    - » Short sales of securities,
    - » Direct loans or extending lines of credit to any interested party,
    - » Letter stock, and
    - » Unregistered securities (except 144A securities).
- Investments shall be diversified with the intent to minimize the risk of large losses to the System. The total portfolio will be constructed and maintained to provide prudent diversification through various asset categories.
- The System expects the investment manager's cash position to adhere to the following:
    - » Equity investment manager's cash shall not constitute more than 5 percent of the market value of the manager's portfolio without prior Board approval.
    - » Short-Term Investment Fund (STIF) deposit accounts shall not be maintained at foreign sub-custodian banks, except those such accounts maintained by managers of global or international funds.
    - » The manager's cash will be swept daily into a STIF account by the custodian.
- The System may engage in the lending of securities subject to the following guidelines:
    - » Collateral on loans of domestic securities is set at a minimum 102 percent of the market value of the security plus accrued interest.
    - » Collateral on loans of international securities is set at a minimum 105 percent of the market value of the security plus accrued interest.
    - » Securities of the System are not released until the Custodian Bank receives payment for the book-entry withdrawal of the loaned security.
    - » Funds from the lending of securities accrue to the System's account and not to investment managers since they would not be involved in the process.
- Performance benchmarks and investment guidelines for investment managers by asset class are set forth in an appendix to the Policy in the following areas: domestic equity; developed international equity; investment grade core fixed income; core plus fixed income; global fixed income; high yield fixed income; global high yield fixed income; emerging markets debt; emerging markets equities; alternative assets; and real estate.

Selection and Monitoring of Investment Options

Manager searches will be conducted utilizing a Solicitation for Proposal (SFP) process, unless there are specific circumstances where the SFP would not be required as approved by the Board.

- Due Diligence. In general, the minimum due diligence process for an investment manager's selection shall include, but not be limited to:
    - » Regulatory oversight: Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.
    - » Assets under management: The product should have an appropriate asset base.
    - » Performance relative to assumed risk: Competitive returns of investment vehicles compared to appropriate benchmark(s) at an acceptable level of volatility.
    - » Consistency of holdings with style: History of consistent adherence to investment strategy.
    - » Stability of the organization: Established investment firm (significant experience and high-quality reputation).

- » Performance relative to peer groups: The product's performance should be evaluated against the peer group's returns for the trailing 1-, 3-, 5-year, or longer annualized periods; past performance should not, however, be the sole basis for selecting investment managers.

- Performance Monitoring. The Board, with the aid of Staff and Consultant, will monitor the performance of each manager at least quarterly and meet each active manager annually while retaining a long-term focus. Monitoring the monthly performance relative to benchmarks will be an ongoing activity. The focus of the ongoing evaluation shall include:
  - » Assets under management (tracking substantial changes in total assets);
  - » Manager adherence to the Policy, guidelines, and objectives;
  - » Performance relative to appropriate benchmark comparison;
  - » Performance relative to peer group(s);
  - » Portfolio holdings that are consistent with style or strategy; and
  - » Stability of the organization and key investment personnel turnover.
- Watch List or Termination. The Board retains the discretion to place on the watch list or terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to:
  - » Failure to comply with stated Policy or investment guidelines;
  - » Significant deviation from the manager's stated investment philosophy or process;
  - » Loss of key investment personnel;
  - » Evidence of illegal or unethical behavior by the investment management firm;
  - » Loss of confidence by the Board in the investment manager;
  - » Failure to achieve performance objectives specified in the manager's guidelines over reasonable measurement periods; and
  - » A change in the Board's asset allocation policy that necessitates a shift of assets to a different asset category or investment style.

Roles and Responsibilities

Chief Investment Officer (CIO):

The CIO administers the investment program of the System. The duties of the CIO include:

- Responsible for all functions of the System's investment department;
- Oversee all System investments and investment managers;
- Meet with the Investment Committee/Board to review investments and policies;
- Monitor existing limited partnerships and review future partnerships;
- Monitor investment portfolios to ensure they are within the Policy established by the Board;
- Research new investment vehicles and present viable investments to the Board for possible inclusion to the Policy;
- Consider newly established asset categories, market conditions, and transaction costs when determining the most cost-effective process to rebalance the portfolio;
- Responsible for effectively implementing the Policy;
- Implement asset allocation shifts to maintain portfolio allocations within approved Policy ranges;
- Direct the activities of the System's consultants for the best interest of the System and to leverage the activities of the Staff;
- Make recommendations concerning the hiring/terminating of investment managers/advisors/consultants;
- Represent the System at limited partnership meetings and Advisory Committee meetings, or delegate such duties to Staff or other agent(s) as necessary and appropriate;
- Assist the Director with legislative issues; and
- During exigent circumstances, after consultation with and the concurrence of the Director, if practicable, and the Chairperson of the Investment Committee and/or the Chairperson of the Board, take such actions necessary to preserve and protect the assets and interests of the System.

Investment Consultant:

The Consultant will advise the Board on the management of the Plan's assets. All Consultant(s) will be evaluated on an annual basis. The duties and responsibilities of the Consultant include, but are not limited to:

- Recommending appropriate strategic policy and implementation structure;
- Conducting manager due-diligence;
- Assisting with manager searches and selection;
- Providing quarterly compliance reports;
- Aiding the Board and Staff in monitoring the guidelines of the Policy and making recommendations regarding changes should they need to be made; and
- Providing timely information, written and/or oral, on investment strategies, instruments, managers, and other related issues as requested by the Board, the Director, or the CIO.

Investment Managers:

Investment managers have the responsibility for managing the underlying assets by making reasonable investment decisions consistent with their stated approach and reporting investment results. The duties and responsibilities of the investment managers include, but are not limited to:

- Investing the assets of the Plan with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets;
- Adhering to the investment policies and guidelines prescribed by the Board; additionally, all separately managed account managers will provide a quarterly report indicating adherence to policies and guidelines;
- Initiating written communication with the Board whenever the investment manager believes the guidelines should be changed. The Board recognizes that such changes may be necessary from time to time given the dynamic nature of capital markets;
- Informing the CIO or Consultant, as applicable, regarding all significant matters pertaining to the investment of the Plan's assets in a timely manner (no greater than 30 days). These matters include, but are not limited to:
  - » Substantive changes in investment strategy or portfolio structure; and
  - » Significant changes in the ownership, affiliations, organizational structure, financial condition, and professional staffing of the investment management organization.
- Submitting at least monthly reports describing portfolio holdings, performance results, and transactions activities. The manager should inform the Board quarterly of the turnover within the portfolio and be prepared to document rationale for significant changes in portfolio turnover;
- Voting all proxies after careful assessment of the issues involved. The managers should pay particular attention to items that may reduce the economic value of stockholders' rights of ownership and thereby impact adversely the performance of the Plan's assets. Nevertheless, each investment manager is required to advise the Board on any issues that should require special consideration. Staff will report to the Board annually summarizing the proxies that were voted by the investment managers;
- Adhering to the ethical standards of practice of the CFA Institute; and
- The Board expects to meet with the active (publicly traded) investment managers at least annually. During such meetings, the managers will be expected to explain their current investment strategies, comment on performance, and any changes at the firm.

Custodian Bank:

The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's primary function will be to hold in custody all the securities that each of the investment managers manage in their portfolios, except for commingled funds or mutual funds, which may be held elsewhere. The Custodian Bank will be evaluated by Staff on an annual basis.

The Custodian Bank is a fiduciary as to the assets placed with it by the System. The Custodian Bank is responsible for performing the following functions, among others designated by its contract:

- Providing safekeeping of securities, collecting dividends and interest earned, making disbursements and receiving cash flows as directed, and providing an annual SOC 1 Report;
- Providing complete and accurate accounting records including each transaction, income flow and cash flow by asset class, investment manager, and total fund;
- Monitoring and reconciling all trading activity;
- Issuing monthly reports of holdings and transactions priced in accordance with industry standards;
- Meeting periodically with Staff to report on the activity of the System's assets and bank organizational issues; and
- Providing periodic reporting to Staff including:
  - » Estimated market value and cash flow report,
  - » Master trust reporting – by total fund, asset class, and plan account,
  - » Monthly custody account reconciliations,
  - » Limited partnership and commingled account reconciliations,
  - » Monthly report filing of claims and class actions,
  - » Monthly report brokerage activity, and
  - » Handling securities lending and related functions.

Investment Summary as of June 30, 2016, and 2015

	June 30, 2016		June 30, 2015	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U.S. Treasury & government agency securities	$ 952,300,849	5.457%	$ 924,009,187	5.272%
Corporate bonds	100,487,694	0.576%	537,516,295	3.068%
Miscellaneous bonds	775,344,172	4.443%	314,131,221	1.793%
Total domestic bonds	**1,828,132,715**	**10.476%**	**1,775,656,703**	**10.133%**
International bonds	**1,413,994,202**	**8.103%**	**1,489,882,945**	**8.503%**
Domestic stocks:				
Common	5,153,469,439	29.532%	5,464,671,462	31.186%
Preferred	7,911,713	0.046%	13,890,150	0.079%
Total domestic stocks	**5,161,381,152**	**29.578%**	**5,478,561,612**	**31.265%**
International stocks:				
Common	3,132,425,844	17.950%	3,380,786,756	19.294%
Preferred	33,771,856	0.194%	48,807,730	0.279%
Total international stocks	**3,166,197,700**	**18.144%**	**3,429,594,486**	**19.573%**
Domestic and international short-term investments	**1.307,428,499**	**7.492%**	**990,777,882**	**5.654%**
Alternative investments:				
Private equity investments	2,593,532,651	14.863%	2,485,389,167	14.184%
Real estate investments	1,470,495,223	8.427%	1,418,418,380	8.095%
Mezzanine financing instruments	509,013,603	2.917%	454,277,090	2,593%
Total alternative investments	**4,573,041,477**	**26.207%**	**4,358,084,637**	**24.872%**
Total Investments	**$ 17,450,175,745**	**100.000%**	**$ 17,522,558,265**	**100.000%**

List of Largest Assets Held

Largest Equity Holdings		
Shares	**Stock Description**	**Fair Value**
106,410	Alphabet Inc.	$ 74,189,777
542,794	Johnson & Johnson	65,840,912
88,225	Amazon.com Inc.	63,135,575
491,539	Facebook Inc.	56,173,077
1,438,658	Pfizer Inc.	50,655,148
1,134,886	AT&T Inc.	49,038,424
1,593,900	Cisco Systems Inc.	45,728,991
2,005,044	Tencent Holdings Ltd.	45,513,087
583,181	Visa Inc.	43,254,535
454,677	Exxon Mobil Corporation	42,621,422
Largest Debt Holdings		
Par Value	**Bond Description**	**Fair Value**
208,699,000	U.S. Treasury Notes	$ 213,716,180
1,933,796,600	Mexican Bonos	122,468,823
94,413,000	U.S. Treasury Bonds	107,083,523
118,744,000	U.S. Treasury Bond Coupon Strips	103,792,055
81,640,750	U.S. Treasury, CPI Inflation	85,002,061
76,870,000	Commit To Purchase FNMA Single-Family Mortgages	80,736,350
229,812,500	Brazil Notas Do Tesouro Nacion	65,871,539
31,335,000	United Kingdom Gilts	46,300,886
166,357,000	Malaysia Government Bonds	41,714,553
746,717,000	South Africa Government Bonds	40,226,176

Largest Alternative Investment Holdings	
Description	**Fair Value**
JP Morgan Investment Management Inc.	$ 412,621,825
Prudential Real Estate Investors	221,179,316
Metlife Core Property Fund, L.P.	205,265,796
TPG Growth II, L.P.	82,665,844
Blackstone Energy Partners, L.P.	80,521,590
Summit Partners Growth Equity Fund VIII, L.P.	70,885,951
3i Europartners V, L.P.	70,048,020
Falcon Strategic Partners IV, L.P.	69,924,666
GSO Capital Opportunities Fund II, L.P.	68,909,869
Crow Holdings Realty Partners VI, L.P.	67,153,254

The list of largest holdings excludes commingled funds.
A complete list of portfolio holdings is available upon request.

Net Earnings on Investments for the Years Ended June 30, 2016, and 2015

	2016		2015	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments:				
Bonds	$ 55,813,792		$ (35,546,728)	
Short-term investments	(104,986)		3,163,119	
Common and preferred stocks	(299,718,197)		(80,256,614)	
Alternative investments	(41,328,246)	$ (285,337,637)	(197,527,069)	$ (310,167,292)
Net appreciation (depreciation) in international investments:				
Bonds	48,295,596		(212,945,903)	
Common and preferred stocks	(339,772,924)		(320,029,334)	
Alternative investments	5,242,599	(286,234,729)	45,796	(532,929,441)
Domestic interest income:				
Bonds	63,227,200		62,011,415	
Short-term investments	5,920,579	69,147,779	5,099,315	67,110,730
International interest income:				
Bonds	63,616,921		72,674,730	
Short-term investments	(1,184,053)	62,432,868	697,060	73,371,790
Domestic common and preferred dividends		93,713,814		84,765,718
International common and preferred dividends		88,083,210		89,591,259
Securities lending income:				
Fixed	2,221,619		1,564,533	
Equity	11,627,230		6,511,992	
International	914,021	14,762,870	1,068,143	9,144,668
Gain (loss) on sale of domestic securities, net:				
Bonds	(9,114,799)		5,629,431	
Short-term investments	14,996		2,386	
Common and preferred stocks	191,189,038		390,606,390	
Alternative investments	278,337,151	460,426,386	394,915,565	791,153,772
Gain (loss) on sale of international securities, net:				
Bonds	15,237,704		28,070,546	
Short-term investments	5,768,664		85,685	
International exchange contract	(140,481)		63,028	
Common and preferred stocks	100,244,516		215,485,413	
Alternative investments	95,579,819	216,690,222	119,311,928	363,016,600
Gain (loss) on international exchange transactions, net		(154,844,583)		(117,092,069)
Miscellaneous domestic income		1,411,175		0
Gross earnings		280,251,375		517,965,735
Charges against earnings:				
Securities lending expenses:				
Fixed	2,140,816		1,642,524	
Equity	2,097,982		(400,449)	
International	(1,157,700)	3,081,098	(908,963)	333,112
International tax expense		4,153,459		4,872,981
Alternative investments expense		56,422,988		29,909,047
Investments administrative expense		1,752,626		1,599,337
Custodian fees		344,806		330,942
Performance consultant fees		880,465		850,105
Advisors fees		35,975,157		36,705,991
Total charges		102,610,599		74,601,515
Net income (loss) on investments		$ 177,640,776		$ 443,364,220

Investment Performance Measurements[1] – Year Ended June 30, 2016

	Rate of Return[1]	Percentile[2]
Comparative rates of return on total fund		
Teachers' Retirement System of Louisiana	1.6%	23
Comparison Index:		
Median Return for Public Funds Greater than $1.0 billion	0.4%	50
Comparative rates of return on domestic equities		
Teachers' Retirement System of Louisiana	-0.6%	72
Comparison Indices:		
Median Return for U.S. Equity of Public Funds Greater than $1.0 billion	0.6%	50
Russell 3000 Index	2.1%	23
Comparative rates of return on domestic bonds		
Teachers' Retirement System of Louisiana	5.9%	30
Comparison Indices:		
Median Return for U.S. Fixed Income of Public Funds Greater than $1.0 billion	5.3%	50
Barclays Capital Aggregate Bond Index	6.0%	29
Comparative rates of return on international equities		
Teachers' Retirement System of Louisiana	-6.6%	18
Comparison Indices:		
Median Return for Non-U.S. Equity of Public Funds Greater than $1.0 billion	-8.6%	50
MSCI EAFE Net Dividend Index	-10.2%	87
Comparative rates of return on global bonds		
Teachers' Retirement System of Louisiana	5.5%	n/a
Comparison Indices:		
Median Return for Global Bonds of Public Funds Greater than $1.0 billion[3]	n/a	n/a
Barclays Capital Global Aggregate Bond Index	8.9%	n/a
Comparative rates of return on alternative assets and real estate		
Teachers' Retirement System of Louisiana	7.3%	n/a
Comparison Indices:		
Median Return for Alternative Assets and Real Estate[4]	n/a	n/a
TRSL Private Asset Benchmark	5.5%	n/a

Total Fund performance is compared to Public Funds greater than $1.0 billion in assets as follows:

	Rate of Return[1]	Percentile[5]
One-year period ended June 30, 2016	1.6%	35
Three-year period ended June 30, 2016	7.9%	13
Five-year period ended June 30, 2016	7.5%	20
Seven-year period ended June 30, 2016	10.8%	11
10-year period ended June 30, 2016	6.1%	41
15-year period ended June 30, 2016	6.5%	40

[1] *Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.*
[2] *The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than $1.0 billion.*
[3] *BNY Mellon Financial does not provide a universe for global bonds.*
[4] *BNY Mellon Financial does not provide a universe for alternative assets and real estate.*
[5] *The Wilshire Trust Universe Comparison Service (TUCS) consists of public funds with assets greater than $1.0 billion.*

Rates of Return[1]

	Annual Years Ending June 30					Annualized	
	2016	2015	2014	2013	2012	3 Yrs	5 Yrs
Total Fund							
Teachers' Retirement System of Louisiana	1.6%	3.1%	19.9%	13.9%	0.1%	7.9%	7.5%
Median Large Fund Returns[2]	0.4%	3.2%	17.1%	12.3%	1.1%	6.5%	6.4%
Inflation (US Consumer Price Index)	1.0%	0.1%	2.1%	1.8%	1.7%	1.1%	1.3%
Domestic Equities							
Teachers' Retirement System of Louisiana	-0.6%	7.7%	25.7%	22.6%	0.4%	10.4%	10.6%
Median Return for US Equity Segment[2]	0.6%	7.2%	25.3%	22.1%	2.3%	10.3%	10.9%
Russell 3000 Index	2.1%	7.3%	25.2%	21.5%	3.8%	11.1%	11.6%
Domestic Bonds							
Teachers' Retirement System of Louisiana	5.9%	1.8%	5.7%	1.2%	7.3%	4.5%	4.4%
Median Bond Return for US Bonds Segment[2]	5.3%	1.6%	6.2%	1.1%	8.0%	4.2%	4.3%
Barclays Capital Aggregate Bond Index	6.0%	1.9%	4.4%	-0.7%	7.5%	4.1%	3.8%
International Equities							
Teachers' Retirement System of Louisiana	-6.6%	-2.7%	22.7%	15.4%	-10.0%	3.7%	3.0%
Median Return for Non-US Equity Segment[2]	-8.6%	-2.7%	22.3%	16.3%	-12.7%	3.0%	2.1%
MSCI EAFE Net Dividend Index	-10.2%	-4.2%	23.6%	18.6%	-13.8%	2.1%	1.7%
Global Bonds							
Teachers' Retirement System of Louisiana	5.5%	-5.4%	8.5%	2.7%	7.3%	2.7%	3.6%
Median Return for Non-US Fixed Segment[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Capital Global Aggregate Bond Index	8.9%	-7.1%	7.4%	-2.2%	2.7%	2.8%	1.8%
Alternative Assets and Real Estate							
Teachers' Retirement System of Louisiana	7.3%	7.2%	22.0%	13.3%	7.4%	12.0%	11.3%
Median Return for Alternative Segment[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRSL Private Asset Benchmark	5.5%	6.4%	19.1%	15.9%	8.0%	10.2%	10.9%

[1]Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.
[2]The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than $1.0 billion.
[3]BNY Mellon Financial does not provide a universe for global bonds.
[4]BNY Mellon Financial does not provide a universe for alternative assets and real estate.

Summary Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2016

Brokerage Firm	Commissions	Shares Traded	Average Commission Per Share
CREDIT SUISSE	$ 390,676	28,402,954	$ 0.014
GOLDMAN SACHS & CO.	323,546	9,805,055	0.033
JP MORGAN SEC	316,885	15,062,163	0.021
BAIRD, ROBERT W & CO. INC., MILWAUKEE	311,377	8,821,996	0.035
MORGAN J P SECS INC.	202,657	9,966,567	0.020
INSTINET	188,599	9,279,043	0.020
MERRILL LYNCH & CO.	142,210	20,539,378	0.007
UBS	132,370	33,190,647	0.004
STIFEL NICOLAUS	129,732	3,909,922	0.033
JEFFERIES & CO.	128,179	4,735,600	0.027
CITIGROUP	119,011	18,084,501	0.007
BARCLAYS	118,785	8,196,490	0.014
DEUTSCHE BK	99,361	6,416,047	0.015
JONES & ASSOC.	87,786	3,126,392	0.028
BTIG L.L.C., SAN FRANCISCO	73,485	5,545,934	0.013
INVESTMENT TECHNOLOGY GROUP	73,445	13,114,676	0.006
WEEDEN & CO., NEW YORK	65,708	5,015,532	0.013
ISI GROUP INC., NY	56,080	1,588,691	0.035
SIDCO / CONVERGEX, NEW YORK	55,736	1,592,442	0.035
RAYMOND JAMES & ASSOC. INC., ST. PETERSBURG	54,900	1,668,662	0.033
RBC CAPITAL MARKETS	51,788	1,791,053	0.029
BERNSTEIN SANFORD C & CO., NEW YORK	44,792	4,478,913	0.010
LIQUIDNET	44,372	2,448,124	0.018
KEEFE BRUYETTE & WOODS	40,193	1,210,238	0.033
CITATION GROUP/BCC CLRG, NEW YORK	38,275	1,488,875	0.026
CANTOR FITZGERALD	38,244	2,267,241	0.017
STEPHENS INC., LITTLE ROCK	35,176	1,059,885	0.033
MACQUARIE	35,101	6,207,879	0.006
COWEN AND COMPANY L.L.C., NEW YORK	32,278	947,701	0.034
WELLS FARGO SECURITIES L.L.C., CHARLOTTE	25,696	869,264	0.030
WILLIAMS CAPITAL GROUP L.P., JERSEY CITY	25,295	1,684,659	0.015
WEDBUSH MORGAN SECS INC., LOS ANGELES	22,697	743,373	0.031
SUNTRUST CAPITAL MARKETS INC., ATLANTA	21,626	580,335	0.037
STATE STREET	20,069	1,340,716	0.015
SANFORD C BERNSTEIN & CO. INC.	19,805	1,943,228	0.010
CREDIT LYONNAIS	19,360	14,624,561	0.001
FIDELITY CAP MKTS (DIV. OF NFSC), BOSTON	17,753	880,748	0.020
GREEN STREET TRADING L.L.C., NEW YORK	17,577	439,437	0.040
PIPER JAFFRAY & CO	16,901	487,809	0.035
ITG	16,741	2,565,585	0.007
STRATEGAS SECURITIES LLC, NEW YORK	15,757	410,583	0.038
CRAIG HALLUM, MINNEAPOLIS	15,438	441,073	0.035
LEERINK SWANN & CO., JERSEY CITY	15,392	429,120	0.036
HSBC	15,336	1,654,089	0.009
KEYBANC CAPITAL MARKETS INC., JERSEY CITY	14,331	388,156	0.037
PERSHING L.L.C.	13,842	535,434	0.026
DAIWA SECS	13,817	609,000	0.023
EXANE, PARIS (EXANFRPP)	13,254	521,400	0.025
LONGBOW SECURITIES L.L.C., JERSEY CITY	13,058	329,734	0.040
KNIGHT DIRECT L.L.C., JERSEY CITY	12,398	309,962	0.040
BLOOMBERG TRADEBOOK	12,348	734,295	0.017
BROCKHOUSE & COOPER INC.	11,943	1,047,373	0.011
OPPENHEIMER & CO INC.	11,134	317,646	0.035
SG SECURITIES	10,559	1,948,992	0.005
WILLIAM BLAIR & CO., CHICAGO	10,149	344,554	0.029
KNIGHT EQUITY MARKETS L.P.,JERSEY CITY	10,035	697,788	0.014
Other Commissions less than $10,000	301,268	448,514,299	0.001
Total Commissions	**$ 4,164,326**	**715,355,814**	**$ 0.006**

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Bayou Boeuf Elementary School

Established 1904 • Thibodaux

The Bayou Boeuf Elementary School holds major historical significance for the small, close-knit community in Lafourche Parish because it was the only elementary school in Bayou Boeuf for almost half a century. In the school's early days, students living across the bayou from the school had to travel by boat to attend class because there was no bridge to cross. Not only is Bayou Boeuf Elementary the quintessential little, red schoolhouse of early 20th century rural America, it is also Louisiana's oldest one-room school in continuous use.

Actuarial Section

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

October 7, 2016

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

Ladies and Gentlemen:

Pursuant to your request, we have completed the annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 2016. The valuation was prepared on the basis of the data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the plan provisions in effect on the valuation date.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session, which requires the current normal cost, determined in accordance with the prescribed statutory funding method, to be fully funded, and requires the unfunded accrued liability as of June 30, 1988, to be fully liquidated by 2029 with subsequent changes in unfunded liabilities amortized as specified by statute.

The results of the current valuation indicate that the aggregate employer contribution rate payable for the plan year commencing July 1, 2016 should have been set at 25.8% of payroll. When compared to the 25.4% projected aggregate rate for this period, as set by the Public Retirement Systems' Actuarial Committee, the current rate reflects an increase resulting primarily from an investment experience loss and a decrease in expected payroll. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

The actuarial value of assets is determined as the market value of assets adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a 5 year period in 20% increments. The adjusted asset value is subject to corridor limits of 80% to 120% of the market value of assets. The objective of the 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 plan year ending on June 30, 2016, is $18,281,834,423. After adjusting for the Employee Experience Account balance of $24,977,477, and for the Louisiana State University Agriculture and Extension Service Supplement of $2,535,804, the valuation assets used for funding purposes is $18,254,321,142.

In performing the June 30, 2016 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior year's valuation and reviewed for consistency.

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TRSL Board of Trustees
October 7, 2016

The present values shown in the June 30, 2016, actuarial valuation and supporting statistical schedules of this certification, which comprise all the schedules of the Actuarial Section in the annual Financial Report, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title 11 Section 22(6) and assumptions which are appropriate for the purposes of this valuation. Valuation results presented in this report are based on the Entry Age Normal cost method, as prescribed by state law.

There were no changes in actuarial assumptions or methods from the prior valuation. The actuarial assumptions and methods used are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 67 and were employed in the development of the schedules listed below for the Financial Section of this report.

The following supporting schedules were prepared by the system's actuary for the Comprehensive Annual Financial Report:

Actuarial Section
- Summary of Actuarial 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
- Summary of Plan Provisions

Financial Section
- Schedule of Changes in Employers' Net Pension Liability
- Schedule of Employers' Net Pension Liability
- Schedule of Employer Contributions

We certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices and the applicable actuarial standards of practice, are reasonable to meet the retirement System's funding objective, unless otherwise noted. Shelley is an Associate in the Society of Actuaries and Brad is a Fellow in the Society of Actuaries. Shelley and Brad are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

FOSTER & FOSTER INC.

Shelley R. Johnson

Shelley R. Johnson, ASA, MAAA

Bradley R. Heinrichs, FSA, EA, MAAA

Summary of Actuarial Assumptions

The following assumptions were adopted by the Board of Trustees of the Teachers' Retirement System of Louisiana (TRSL), effective June 30, 2013 based on the recommendations presented to the Board following the completion of the 2008-2012 actuarial experience study, unless otherwise noted.

I. General Actuarial Method

Actuarial Cost Method/Amortization of Changes in UAL: The Entry Age Normal actuarial cost method is used to value plan normal cost and liabilities, as prescribed in Section 22 of Title 11 of the LA revised statutes.

The unfunded accrued liability on June 30, 1988 also referred to as the initial unfunded accrued liability, was amortized over a forty-year period commencing in 1989. The amortization payment originally reflected a 4% increase for the first five years, reducing by 0.5% at the end of each five-year period, but has subsequently been revised by Acts of the Louisiana Legislature as described below. Changes in unfunded accrued liabilities occurring after June 30, 1988 were originally 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	

Act 257 of 1992 amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a thirty-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a thirty-year period from the date of occurrence, paid as a level dollar amount.

Act 484 of 2007 and resulting Constitutional Amendment require increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a ten-year period with level payments.

Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008 into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation was effective July 1, 2010. The outstanding balance of the OAB was credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off by plan year 2028/2029. The EAAB was credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off by plan year 2039/2040. Future payments for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2015/2016 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

Additionally, Act 497 changes the amortization of investment gains relative to the discount rate. Previously, one-half of any investment gain was amortized over a thirty-year period with level payments and one-half was credited to the Employee Experience Account. Act 497 specifies that the first $200 million of any investment experience gain will be credited to the OAB and EAAB, with re-amortization of these schedules. One-half of the remaining gain would be credited to the Employee Experience Account, up to the maximum limit of this account and any remaining gain would be amortized over a thirty-year period with level payments.

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. The discrepancy between dollars generated by percentage of payroll versus the required dollar amount is treated as a short-fall credit/debit. The credit/debit is amortized over a five-year period with level amortization payments, except as provided by Act 497, and is applied to the following year's contribution requirement. Act 497 changed the amortization of contribution variance credits. Beginning with plan year 2009-2010 through plan year 2039-2040, any overpayment will be credited to the EAAB. The EAAB will then be re-amortized according to the new payment schedule.

Act 399 of 2014 changed the allocation of investment gains to existing schedules and to the Experience Account and changes the amortization of any remaining investment gains. For the June 30, 2014 valuation only, the investment experience gains up to a threshold of $100 million and any additional gains not allocated to the Experience Account will be amortized with level payments over a five-year period. For all future valuations until the system is 85% funded, the OAB and EAAB will not be re-amortized after application of the investment gains or after any application of overpayment of contributions. Beginning with the June 30, 2015 valuation, the threshold will increase each year by the percentage increase in the actuarial value of assets. Beginning with the June 30, 2019 valuation, gains allocated to the experience account will be amortized as a loss with level payments over 10 years, rather than current practice of reducing the investment gain that is amortized over 30 years. Once the system attains an 85% funded ratio, all future gains and losses will be amortized over 20 years. The Act extends the application of the threshold after the OAB and EAAB are paid off and provides for the allocation of funds.

Statutory provisions pertaining to TRSL provide for the automatic transfer of a portion of excess investment earnings to the Experience Account to potentially fund future post-retirement benefit increases. Since the law does not provide for automatic post-retirement benefit increases, the liabilities do not explicitly include liabilities for future retiree benefit increases. However, since a portion of investment earnings will be used to fund potential future ad hoc benefit increases, the accrued benefits are discounted using a net discount rate. The net discount rate is determined as the expected long-term return net of investment expenses, less the expected return used to provide for future retiree benefit increases. Since the discount rate for funding purposes reflects TRSL's specific gain sharing provisions, the assumptions recognize that investment earnings will be diverted to fund the ad hoc increases.

All schedules existing prior to June 30, 2014 were re-amortized on June 30, 2014 based on the discount rate of 7.75%.

Asset Valuation Method: The actuarial value of assets is determined as the market value of assets adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a five-year period in 20% increments, and is subject to Corridor Limits of 80% to 120% of the market value of assets.

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

Actuarially Assumed Rate of Return: The June 30, 2016 valuation for funding and GASB purposes were prepared with a discount rate of 7.75%. The Board of Trustees adopted a discount rate of 7.75% net of investment and administrative expenses and expected gain sharing, effective June 30, 2014 for purposes of the funding valuation and a discount rate of 7.75% net of investment expenses for purposes of GASB reporting. Investment manager fees are treated as a direct offset to investment income. The Board adopted a plan to reduce the discount rate in 0.05% increments beginning July 1, 2017. Therefore, the projected contribution requirements for Fiscal Year 2017/18 were determined using a discount rate of 7.70%. The discount rate for funding purposes reflects the assumed investment rate of return, net of investment and administrative expenses, and net of investment gains expected to be deferred to the experience account to fund permanent benefit increases. By excluding investment returns to be used to fund expenses and permanent benefit increases, the discount rate represents the expected return on investments to be used to fund regular plan benefits. Based on a historical review of administrative expenses relative to plan assets, it is assumed that 10 basis points will be used to offset administrative expenses. Based on a historical review of investment earnings, with modifications for the current statutory provisions regarding transfers to the experience account and future allowable benefit increases, it is expected that a long-term average of approximately

25 basis points will be transferred to the experience account to fund future permanent benefit increases. A forward looking projection using historical volatility and the plan's projected assets confirmed this conclusion. The analysis is supported by the system's expected long-term rate of return on alternative investments, and capital market assumptions provided by the Board's investment consultant for all other assets, with a 2.50% inflation component, which result in an expected long-term geometric average nominal rate of return of 8.23%.

Employee Salary Increases: Incorporated within the salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 2.5% inflation assumption. The following salary scale is based upon years of service:

Duration (Years)	Regular Teachers	Higher Education	School Lunch A	School Lunch B
0	5.75%	10.00%	6.00%	5.50%
5	5.00%	7.00%	6.00%	5.50%
10	4.75%	4.50%	6.00%	5.50%
15	4.50%	4.00%	6.00%	4.50%
20	4.00%	4.00%	4.00%	4.00%
25	3.75%	4.00%	4.00%	4.00%
30	4.25%	3.50%	4.00%	4.00%

Administrative Expenses: Administrative expenses are not explicitly assumed but rather funded in accordance with R.S. 11 Section 102, which by omission of language regarding the funding of administrative expenses precludes funding of these expenses by a direct allocation through the employer contribution rate. These expenses are instead funded through the employer rate as an experience loss which is amortized over a 30-year period. The investment return assumption is reduced by ten basis points to reflect administrative expenses that are paid from plan assets and not otherwise recognized. Therefore these expenses and the resulting experience losses are expected to be offset by long-term investment gains. The adjustment to the discount rate is in accordance with Actuarial Standard of Practice Statement 27, (paragraph 3.8.3.e.). Act 94 of 2016 requires direct funding by employers of noninvestment-related administrative expenses to begin in the first fiscal year in which the projected aggregate employer contribution rate, calculated without regard to any changes in the board-approved actuarial valuation rate, does not increase.

III. Decrement Assumptions

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the RP-2000 Combined Healthy mortality table, with projection for mortality improvement through 2025 using Scale AA, as supported by the most recent experience study. Mortality rates after disability continue to be based on the RP-2000 table for disabled lives.

Disability Retirement Recipient Assumption: Rates of total and permanent disability were projected by age in accordance with the 2008-2012 disability experience of the retirement system. Rates were projected separately for Regular Teachers, Higher Education Teachers, School Lunch Plan A and School Lunch Plan B Employees. Mortality rates after disability are based on the RP-2000 Disabled Retiree mortality table with no projection. Rates of total and permanent disability are as follows:

Age	Regular Teachers	Higher Education	School Lunch A	School Lunch B
25	0.01%	0.01%	0.00%	0.00%
30	0.01%	0.01%	0.00%	0.00%
35	0.06%	0.01%	0.01%	0.00%
40	0.11%	0.01%	0.01%	0.50%
45	0.22%	0.01%	0.01%	0.50%
50	0.25%	0.08%	1.00%	1.30%
55	0.40%	0.08%	1.75%	0.80%

<u>Retirement/DROP Assumption</u>: Retirement rates were projected based upon the 2008-2012 experience study. Rates illustrated below are the probability that a member will retire or begin DROP participation.

Age	Teachers			University			Lunch A		Lunch B
	< 25 Yrs	25-29 Yrs	30+ Yrs	< 25 Yrs	25-29 Yrs	30+ Yrs	< 30 Yrs	>= 30 Yrs	All Yrs
50	3%	5%	30%	7%	8%	60%	60%	30%	0%
55	15%	75%	30%	15%	35%	20%	80%	70%	80%
60	25%	30%	20%	15%	13%	5%	45%	70%	50%
65	20%	20%	30%	12%	16%	20%	10%	50%	15%
70	20%	30%	40%	12%	16%	28%	20%	25%	20%

<u>Termination Assumption</u>: Voluntary withdrawal rates are derived from the 2008-2012 termination experience study. Sample rates are illustrated by employment classification below. For members terminating with vested benefits, it is assumed that 80% will not withdraw their accumulated employee contribution, and will receive a benefit beginning at age 60.

Age	Regular Teachers				Higher Education Teachers			
	<1 Yr	1-2 Yrs	2-3 Yrs	4+ Yrs	<1 Yr	1-2 Yrs	2-3 Yrs	4+ Yrs
25	18.0%	12.6%	9.5%	9.0%	25.0%	25.0%	17.0%	12.0%
30	19.0%	12.0%	10.9%	5.3%	25.0%	16.0%	17.0%	18.0%
35	18.0%	11.7%	9.5%	4.0%	22.0%	17.5%	13.0%	12.0%
40	16.5%	12.3%	9.0%	3.7%	23.0%	18.5%	15.0%	10.0%
45	16.3%	9.9%	9.0%	4.0%	19.0%	11.6%	15.0%	10.0%
50	17.5%	11.2%	9.0%	4.0%	18.5%	10.8%	6.0%	9.0%
55	17.5%	10.6%	9.0%	4.0%	20.0%	10.4%	14.0%	9.0%
60	20.0%	10.6%	9.0%	4.0%	15.0%	16.0%	9.0%	6.0%

Years of Service	School Lunch A	School Lunch B
5	14.0%	5.0%
10	14.0%	4.5%
15	14.0%	3.0%
20	14.0%	4.0%
25	14.0%	4.0%
30	14.0%	4.0%

Actuarial Valuation Balance Sheet (June 30, 2016, and 2015)

	2016	2015
Assets		
Present Assets Creditable To:		
Members' Savings Account	$ 2,702,465,313	$ 2,622,584,017
Annuity Reserve Account	15,551,855,829	14,834,659,679
Total Present Assets	**18,254,321,142**	**17,457,243,696**
Present Value Of Prospective Contributions Payable To:		
Members' Savings Account	2,499,786,256	2,451,912,720
Annuity Reserve Account		
Normal	1,276,062,982	1,281,954,571
Accrued Liability	10,889,471,409	11,073,835,981
Total Prospective Contributions	**14,665,320,647**	**14,807,703,272**
Total Assets	**$ 32,919,641,789**	**$ 32,264,946,968**
Liabilities		
Present Value Of Prospective Benefits Payable On Account Of:		
Current Retiree Members	$ 20,578,881,341	$ 20,070,352,647
Current Active Members	11,902,289,011	11,767,272,406
Deferred Vested & Reciprocal Members	438,471,437	427,321,915
Total Liabilities	**$ 32,919,641,789**	**$ 32,264,946,968**

Summary of Unfunded Actuarial Liabilities/Solvency Test (Dollar amounts in millions)

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)
2007	$ 1,984.1	$ 14,397.9	$ 4,390.3	$ 14,812.7	100%	89%	0%
2008	2,100.9	15,378.1	4,611.5	15,507.8	100%	87%	0%
2009	2,227.5	15,823.1	4,788.8	13,500.8	100%	71%	0%
2010	2,340.7	16,504.0	4,830.1	12,868.5	100%	64%	0%
2011	2,432.6	16,998.8	4,665.4	13,286.3	100%	64%	0%
2012	2,487.8	17,510.4	4,541.9	13,584.4	100%	63%	0%
2013	2,518.0	19,074.2	4,425.5	14,669.2	100%	64%	0%
2014	2,560.9	20,013.7	5,544.9	16,145.8	100%	68%	0%
2015	2,622.6	20,498.0	5,525.7	17,457.2	100%	72%	0%
2016	2,702.5	21,017.4	5,552.5	18,254.3	100%	74%	0%

Summary of Actuarial and Unfunded Actuarial Liabilities (Dollar amounts in millions)

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio of Assets To AAL	Unfunded AAL	Active Member Payroll	Unfunded AAL As a Percent of Active Payroll
2007	$ 20,772.3	$ 14,812.7	71.3%	$ 5,959.6	$ 3,224.6	184.8%
2008	22,090.5	15,507.8	70.2%	6,582.7	3,675.0	179.1%
2009	22,839.4	13,500.8	59.1%	9,338.6	3,912.3	238.7%
2010	23,674.8	12,868.5	54.4%	10,806.3	3,977.8	271.7%
2011	24,096.8	13,286.3	55.1%	10,810.5	3,902.6	277.0%
2012	24,540.1	13,584.4	55.4%	10,955.7	3,808.8	287.6%
2013	26,017.7	14,669.2	56.4%	11,348.5	3,726.3	304.6%
2014	28,119.5	16,145.8	57.4%	11,973.7	3,765.0	318.0%
2015	28,646.3	17,457.2	60.9%	11,189.1	3,815.6	293.2%
2016	29,272.4	18,254.3	62.4%	11,018.1	3,869.7	284.7%

Reconciliation of Unfunded Actuarial Liabilities (Dollar amounts in thousands)

	Fiscal Year Ending			
	2016	**2015**	**2014**	**2013**
Unfunded Actuarial Liability at Beginning of Fiscal Year (7/1)	$ 11,189,053	$ 11,973,764	$ 11,348,553	$ 10,955,671
Interest on Unfunded Liability	867,152	927,967	907,884	903,843
Investment Experience (gains) decrease UAL	184,298	(539,621)	(694,333)	(639,474)
Plan Experience (gains) decrease UAL	(157,686)	(37,106)	(162,365)	(54,510)
Employer Amortization Payments (payments) decrease UAL	(1,000,284)	(1,034,281)	(1,002,562)	(919,797)
Employer Contribution Variance (excess contributions) decrease UAL	(64,452)	(91,285)	(40,290)	11,401
Experience Account Allocation (allocations) decrease UAL	-	-	170,335	219,737
Actuarial cost method change	-	-	881,187	-
Other - Miscellaneous gains and losses from transfers or Acts of the Legislature	-	(10,385)	565,355	871,682
Unfunded Actuarial Liability at End of Fiscal Year (6/30)	**$ 11,018,081**	**$ 11,189,053**	**$ 11,973,764**	**$ 11,348,553**

Amortization of Unfunded Actuarial Accrued Liability (June 30, 2016)

Date	Description	Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2014	OAB	Note 1	15	$ 2,537,864,619	13	$ 2,315,374,153	$ 261,202,822
2014	EAAB	Note 2,3	26	3,996,568,647	24	3,694,542,686	344,217,565
2014	2009 Experience G/L	L	25	2,830,242,246	23	2,746,828,480	249,988,498
2014	2010 Experience G/L	L	26	1,106,465,512	24	1,076,594,214	96,461,424
2014	2011 Experience G/L	L	27	(170,316,807)	25	(166,100,327)	(14,671,243)
2014	2012 Experience G/L	L	28	123,507,827	26	120,701,146	10,522,700
2014	2013 Experience G/L	L	29	(246,366,627)	27	(241,222,916)	(20,779,159)
2014	2013 Assum/Method Change	L	29	838,527,326	54	821,020,320	70,723,428
2014	2014 Investment Experience	L	5	(423,997,917)	3	(273,099,957)	(101,629,570)
2014	2014 Assum/Method Change	L	30	1,452,120,642	28	1,424,243,499	121,343,619
2014	2014 Other Experience G/L	L	30	(162,364,784)	28	(159,247,780)	(13,567,695)
2015	2015 Experience G/L	L	30	(376,727,393)	29	(373,246,171)	(31,480,487)
2016	2016 Experience G/L	L	30	26,612,533	30	26,612,533	2,223,824
	Total Outstanding Balance					**$ 11,012,999,880**	**$ 974,555,726**
2014	2012 Contribution Variance	Note 3	-	$ -	-	$ -	$ -
2014	2013 Contribution Variance	L	4	9,457,295	2	5,080,956	2,735,460
2014	2014 Contribution Variance	Note 3	-	-	-	-	-
2015	2015 Contribution Variance	Note 3	-	-	-	-	-
2015	2016 Contribution Variance	Note 3	-	-	-	-	-
	Total Credit Balance					**$ 5,080,956**	**$ 2,735,460**
	Total Unfunded Actuarial Accrued Liability					**$ 11,018,080,836**	**$ 977,291,186**

Note 1: Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, which combines the following schedules: 1993-1996, 1998-2000, 2005-2008. The combined balance was reduced by applying funds from the IUAL Fund, excluding the subaccount of this fund. In addition to regular payments, the schedule was reduced by $100 million on June 30, 2013 and re-amortized, by $50 million and $100 million on June 30, 2014 and 2015, respectively, and not re-amortized, per Act 399 of 2014. The schedule was credited appropriations from Act 55 of 2014 and Act 56 of 2015. Future payments will increase by 6.5% for 2 years, then by 2.0% until paid off by 2029.

Note 2: Act 497 of 2009 created the Experience Account Amortization Base, which combines the following schedules: 1997, 2001-2003, 2004 (the liability resulting from Act 588 of 2004 which zeroed out the Experience Account), and 2008. The combined balance was reduced by applying funds from the subaccount of the IUAL Fund, which were transferred from the Experience Account on June 30, 2009. In addition to regular payments and contribution variance credits, the schedule was reduced by investment gains up to the annual "thresholds" created by Acts 497 of 2009 and Act 399 of 2014. Future payments will increase by 6.5% for 3 years, then will be level until paid off by 2040.

Note 3: The 2012 contribution variance surplus of $7,169,301 was used to reduce and re-amortize the EAAB, per Act 497 of 2009. The 2014 and 2015 contribution variance surpluses of $40,289,648 and $91,284,653, respectively, were used to reduce the EAAB, with no re-amortization, per Act 399 of 2014.

Membership Data

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

	2016		2015	
Active Members	**Census**	**Avg. Sal.**	**Census**	**Avg. Sal.**
Regular Teachers	71,511	$ 44,339	70,881	$ 43,965
Higher Education	8,792	61,158	8,803	60,338
School Lunch A	8	23,638	10	23,922
School Lunch B	1,162	19,029	1,192	18,625
Active After DROP	2,595	53,576	2,716	53,675
Total	**84,068**	**$ 46,031**	**83,602**	**$ 45,651**

	2016	2015
Males (%)	18.20%	18.0%
Females (%)	81.80%	82.0%
Non-vested active members	26,458	25,025
Vested active members	57,610	58,577
Total	**84,068**	**83,602**
Valuation Salaries	$ 3,869,730,024	$ 3,815,648,662

Inactive Members	**2016**	**2015**
Due Refunds	19,842	19,005
Vested & Reciprocals	6,687	6,606

	2016		2015	
Annuitants and Survivors	**Census**	**Avg. Ben.**	**Census**	**Avg. Ben.**
Retirees	64,593	$ 26,341	64,366	$ 25,787
Disabilities	4,238	12,630	4,121	12,170
Survivors	6,997	18,932	6,772	18,365
DROP	2,504	33,556	2,283	33,338
Total	**78,332**	**$ 25,168**	**77,542**	**$ 24,637**

Historical Membership Data

History of Active Membership Data

Year Ended 6/30	Number of Active Members	Percentage Change In Membership	Annual Active Member Payroll *	Annual Active Member Average Payroll*	Percentage Change In Payroll
2007	82,672	1.63%	$ 3,224,563	$ 39,004	11.46%
2008	85,979	4.00%	3,675,014	42,744	13.97%
2009	88,206	2.59%	3,912,326	44,354	6.46%
2010	88,783	0.65%	3,977,819	44,804	1.67%
2011	86,742	-2.30%	3,902,647	44,991	-1.89%
2012	84,513	-2.57%	3,808,761	45,067	-2.41%
2013	82,910	-1.90%	3,726,326	44,944	-2.16%
2014	82,886	-0.03%	3,764,955	45,423	1.04%
2015	83,602	0.86%	3,815,649	45,651	1.35%
2016	84,068	0.55%	3,869,730	46,031	1.42%

History of Annuitants and Survivor Annuitant Membership

Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity*	Percentage Change in Annuity
	No.	Amount*	No.	Amount*	No.	Amount*		
2007	59,530	$1,218,176	3,069	$ 72,780	1,161	$ 9,737	$ 20,463	8.8%
2008	61,070	1,305,367	2,704	66,525	1,164	17,354	21,375	7.2%
2009	62,417	1,356,439	2,556	65,723	1,209	15,560	21,732	3.9%
2010	63,940	1,411,613	2,733	72,079	1,210	16,905	22,077	4.1%
2011	65,512	1,471,714	2,804	74,719	1,232	14,618	22,465	4.3%
2012	67,657	1,548,632	3,250	89,195	1,105	12,277	22,889	5.2%
2013	71,031	1,644,238	4,442	106,246	1,068	10,641	23,148	6.2%
2014	73,195	1,744,088	4,025	94,294	1,861	20,219	23,828	6.1%
2015	75,259	1,820,202	3,315	92,905	1,251	16,791	24,186	4.4%
2016	75,828	1,887,454	2,936	80,224	2,367	40,865	24,891	3.7%

** Dollar amounts in thousands*

Summary of Plan Provisions

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 at schools 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 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 17 members; one elected member from each of seven membership districts, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, one elected school food services member, two elected retired members, and five ex officio members. Elected members serve staggered four-year terms. The Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee, State Commissioner of Administration 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 of participation:

Regular Plan	Plan A	Plan B
8.0%	9.1%	5.0%

Member contributions have been tax-deferred for federal income tax purposes since January 1, 1990. 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 of 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 employer rate is subject to a statutory minimum of 15.5% per Act 588 of 2004. The rate is determined annually and recommended by the Public Retirement Systems' 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 five years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60 or 62, depending on when hired.

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 - In the TRSL Regular Plan, eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999	
2.0% benefit factor	• At least age 60 with at least 5 years of service credit, or • Any age with at least 20 years of service credit
2.5% benefit factor	• At least age 65 with at least 20 years of service credit, or • At least age 55 with at least 25 years of service credit, or • Any age with at least 30 years of service credit

Regular Plan (cont'd)

Members joining system between July 1, 1999 and December 31, 2010	
2.5% benefit factor	• At least age 60 with at least 5 years of service credit, or • At least age 55 with at least 25 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced), or • Any age with at least 30 years of service credit

Members first eligible to join and hired between January 1, 2011 and June 30, 2015	
2.5% benefit factor	• At least age 60 with at least 5 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced)

Members first eligible to join and hired on or after July 1, 2015	
2.5% benefit factor	• At least age 62 with at least 5 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced)

Plan A - Plan A is closed to new entrants.

All Plan A members	
3.0% benefit factor	• At least age 60 with at least 5 years of service credit, or • At least age 55 with at least 25 years of service credit, or • Any age with at least 30 years of service credit

Plan B

Members hired before July 1, 2015	
2.0% benefit factor	• At least age 60 with at least 5 years of service credit, or • At least age 55 with at least 30 years of service credit

Members first eligible to join and hired on or after July 1, 2015	
2.0% benefit factor	• At least age 62 with at least 5 years of service credit, or • Any age with at least 20 years of service credit (actuarially reduced)

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. For regular teachers and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60 month period. For all other members, final average compensation is defined as the highest average 36 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.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

Deferred Retirement Option Plan (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 third 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 an additional benefit based on post-DROP service, 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 whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011 and who have 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. All other members must have at least 10 years of service to be eligible for a disability benefit.

Regular Plan - An eligible member shall be entitled to a pension equal to 2.5% of average compensation; however, in no event shall the disability benefit be less than the lesser of (a) 40% of the state minimum salary for a beginning teacher with a bachelor's degree, or (b) 75% of average compensation.

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

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

Survivor Benefits

A surviving spouse with minor children of an active member with five years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouses benefit, or (b) $300 (up to two eligible children). 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 (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

Permanent Benefit Increases

Provisions regarding future Permanent Benefit Increases (PBIs) were substantially changed by Act 399 of 2014. PBIs may be granted, if requested by the Board and approved with a two-thirds vote of both houses of the legislature, provided there are sufficient funds in the Experience Account to fully fund the increase on an actuarial basis.

Experience Account Credits/Debits:

After allocation of the first $200,000,000 of investment experience gains to the Unfunded Accrued Liability, the Experience Account is credited with up to 50% of the remaining excess investment income, up to a maximum balance as described below. The $200,000,000 threshold is indexed based upon the increase in the actuarial value of assets. Excess investment income is investment income for the prior fiscal year in excess of the expected income based on the actuarial valuation rate for that fiscal year. Balances in the Experience Account accrue interest at the actuarial rate of return during the prior year, however, all credits are limited as follows:

If the system's funded ratio is less than 80%, the Experience Account is limited to the reserve necessary to grant one PBI. If the funded ratio is at least 80%, the Experience Account is limited to the reserve necessary to fund two PBI's. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increases.

Permanent Benefit Increases:

No increase can be granted if the legislature granted an increase in the preceding fiscal year, unless the system is 85% funded or greater. Additionally, PBI's are limited to the lesser of the increase in the CPI-U for the twelve month period ending on the system's valuation date, or an amount determined by the system's funded ratio:

Funded	PBI Increase
< 55%	0%
55% to <65%	1.5%
65% to <75%	2.0%
75% to <80%	2.5%
80% +	3.0%

Beginning July 1, 2015, any increase is limited to the first $60,000 of a retiree's annual benefit, increased annually by the CPI-U for the 12 month period ending in June. If the actuarial rate of return for the prior plan year is less than 8.25%, regardless of the discount rate, the increase is limited to the lesser of 2% or the amount described above.

Eligibility Requirements:

Benefits are restricted to those retirees who have attained the age of 60 and have been retired for at least one year. The minimum age 60 for the receipt of a benefit increase does not apply to disability retirement recipients.

Booker T. Washington High School

Established 1950 • Shreveport

Booker T. Washington High School, built for African-American students before integration, was called one of the most modern schools in the country. Centered in Shreveport's largest African-American neighborhood at the time, the school was the hub of the community and a symbol of hope and change. During the Civil Rights Movement, the school hosted Dr. Martin Luther King, Jr.; became a center for peaceful demonstrations; and was the site of a notable confrontation between students and Shreveport Police after the Birmingham church bombing in 1963 that killed four young African-American girls. Booker T. Washington High School is still in use today.

Statistical Section

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Introduction

The objective of the statistical section is to add historical perspective, context, and detail to the financial statements and the notes to the financial statements so that users can better understand and assess TRSL's economic condition.

Contents — Pages

Financial Trends — *126-128*

These schedules show financial trend information that helps users in understanding and assessing how TRSL's financial position has changed over time. The financial trend schedules presented are:

- Ten-Year Statements of Fiduciary Net Position
- Ten-Year Statements of Changes in Fiduciary Net Position

Demographic Information — *129-132*

This information is intended to assist users in understanding the environment in which TRSL operates, and to provide information that facilitates comparisons of financial statement information over time and among governments. The demographic information includes:

- Number of Active, Terminated Vested, and Nonvested Members
- Number of Service Retirees, Disability Retirement Recipients, and Beneficiaries Receiving Benefits
- Number of Benefit Recipients
- Schedule of Retired Members by Type of Benefit

Operating Information — *133-142*

These schedules are intended to provide contextual information about TRSL's operation to assist in using financial statement data. The operating information shown includes:

- Total Benefit Payments
- Ten-Year Average Monthly Benefit Payments
- Benefit and Refund Expenses by Type
- Revenues by Source/Expenses by Type
- Ten Largest Employers
- Total Active Members Statewide (map)
- TRSL Retirees Worldwide (map)

Ten-Year Statements of Fiduciary Net Position (2016-2007)

	2016	2015	2014	2013	2012
Assets					
Cash and cash equivalents	$ 5,279,450	$ 236,026,000	$ 205,397,273	$ 199,799,910	$ 198,662,009
Total receivables	1,679,296,945	1,690,795,593	1,834,434,326	1,434,471,144	982,346,638
Total investments at fair value	17,450,175,745	17,522,558,265	17,512,657,748	15,178,470,861	13,908,020,885
Securities lending collateral invested	2,553,584,462	3,435,153,677	2,257,226,730	1,972,976,370	1,526,262,603
Property and equipment (at cost) - net	3,710,875	4,051,370	4,100,275	4,027,869	4,148,693
Total assets	**$21,692,047,477**	**$22,888,584,905**	**$21,813,816,352**	**$18,789,746,154**	**$16,619,440,828**
Deferred outflows of resources	2,395,528	3,580,678	0	0	0
Liabilities					
Accounts payable and other liabilities	1,586,788,804	1,543,436,543	1,656,554,164	1,326,532,924	904,194,504
Net pension liability - LASERS	15,905,177	14,951,289	0	0	0
Total obligations under securities lending	2,553,584,462	3,435,153,677	2,257,226,730	1,972,976,370	1,526,262,603
Total liabilities	**$ 4,156,278,443**	**$ 4,993,541,509**	**$ 3,913,780,894**	**$ 3,299,509,294**	**$ 2,430,457,107**
Deferred inflows of resources	213,607	2,244,396	0	0	0
Net position restricted for pensions	**$17,537,950,955**	**$17,896,379,678**	**$17,900,035,458**	**$15,490,236,860**	**$14,188,983,721**

Ten-Year Statements of Fiduciary Net Position (2016-2007) - cont'd

	2011	2010	2009	2008	2007
Assets					
Cash and cash equivalents	$ 193,169,842	$ 150,796,599	$ 131,091,325	$ 36,087,141	$ 15,294,772
Total receivables	881,409,503	232,042,241	321,442,995	475,647,057	363,771,661
Total investments at fair value	14,226,894,390	11,740,975,822	10,978,695,442	14,764,880,898	16,045,489,228
Securities lending collateral invested	1,193,140,158	1,199,699,967	747,644,119	1,063,675,677	2,507,280,388
Property and equipment (at cost) - net	4,298,781	4,249,381	4,435,754	4,643,492	4,324,000
Total assets	**$ 16,498,912,674**	**$ 13,327,764,010**	**$ 12,183,309,635**	**$ 16,344,934,265**	**$ 18,936,160,049**
Deferred outflows of resources	0	0	0	0	0
Liabilities					
Accounts payable and other liabilities	728,561,935	106,632,659	185,384,219	285,008,869	280,149,444
Net pension liability - LASERS	0	0	0	0	0
Total obligations under securities lending	1,193,140,158	1,199,699,967	747,644,119	1,063,675,677	2,507,280,388
Total liabilities	**$ 1,921,702,093**	**$ 1,306,332,626**	**$ 933,028,338**	**$ 1,348,684,546**	**$ 2,787,429,832**
Deferred inflows of resources	0	0	0	0	0
Net position restricted for pensions	**$ 14,577,210,581**	**$ 12,021,431,384**	**$ 11,250,281,297**	**$ 14,996,249,719**	**$ 16,148,730,217**

Ten-Year Statements of Changes in Fiduciary Net Position (2016-2007)

	2016	2015	2014	2013	2012
Additions					
Contributions					
Member contributions	$ 330,773,315	$ 324,920,644	$ 326,007,091	$ 327,767,936	$ 333,908,454
Employer contributions	1,157,901,123	1,217,466,676	1,174,540,866	1,058,995,111	1,084,589,881
Non-employer contributions	38,193,328	37,425,629	35,927,881	34,425,127	0*
LSU Co-Operative contributions	1,830,995	1,851,985	2,028,819	2,059,554	0*
Investment income:					
From investment activities					
Net investment income	177,640,776	443,364,220	2,815,090,995	1,750,935,396	(58,458,258)
Other income	2,951,433	12,180,753	8,491,868	4,051,269	2,265,262
Total additions to Fiduciary Net Position	**1,709,290,970**	**2,037,209,907**	**4,362,087,520**	**3,178,234,393**	**1,362,305,339**
Deductions					
Retirement benefits	1,999,272,396	1,955,102,582	1,875,366,921	1,798,533,650	1,682,528,254
LSU Co-Operative benefits	1,873,303	1,754,855	1,746,982	1,633,154	0†
Refunds of contributions & other	49,884,654	52,402,762	58,777,337	59,712,975	50,195,898
TRSL employee health & life expense	(24,005)	1,685,836	1,047,832	974,145	1,050,097
Pension expense	1,773,559	2,078,530	0	0	0
Administrative expenses	14,532,681	14,259,428	15,026,969	15,750,180	16,317,659
Depreciation expense	407,105	384,426	322,881	377,150	440,291
Total deductions to Fiduciary Net Position	**2,067,719,693**	**2,027,668,419**	**1,952,288,922**	**1,876,981,254**	**1,750,532,199**
Net change in Fiduciary Net Position	**(358,428,723)**	**9,541,488**	**2,409,798,598**	**1,301,253,139**	**(388,226,860)**
Net position restricted for pensions					
Beginning of year, before restatement	17,896,379,678	17,900,035,458	15,490,236,860	14,188,983,721	14,577,210,581
Cumulative effect of change in accounting principle	0	(13,197,268)	0	0	0
Beginning of year, after restatement	17,896,379,678	17,886,838,190	15,490,236,860	14,188,983,721	14,577,210,581
End of year	**$ 17,537,950,955**	**$ 17,896,379,678**	**$ 17,900,035,458**	**$ 15,490,236,860**	**$ 14,188,983,721**

**Included in “Employer contributions” prior to 2013.*

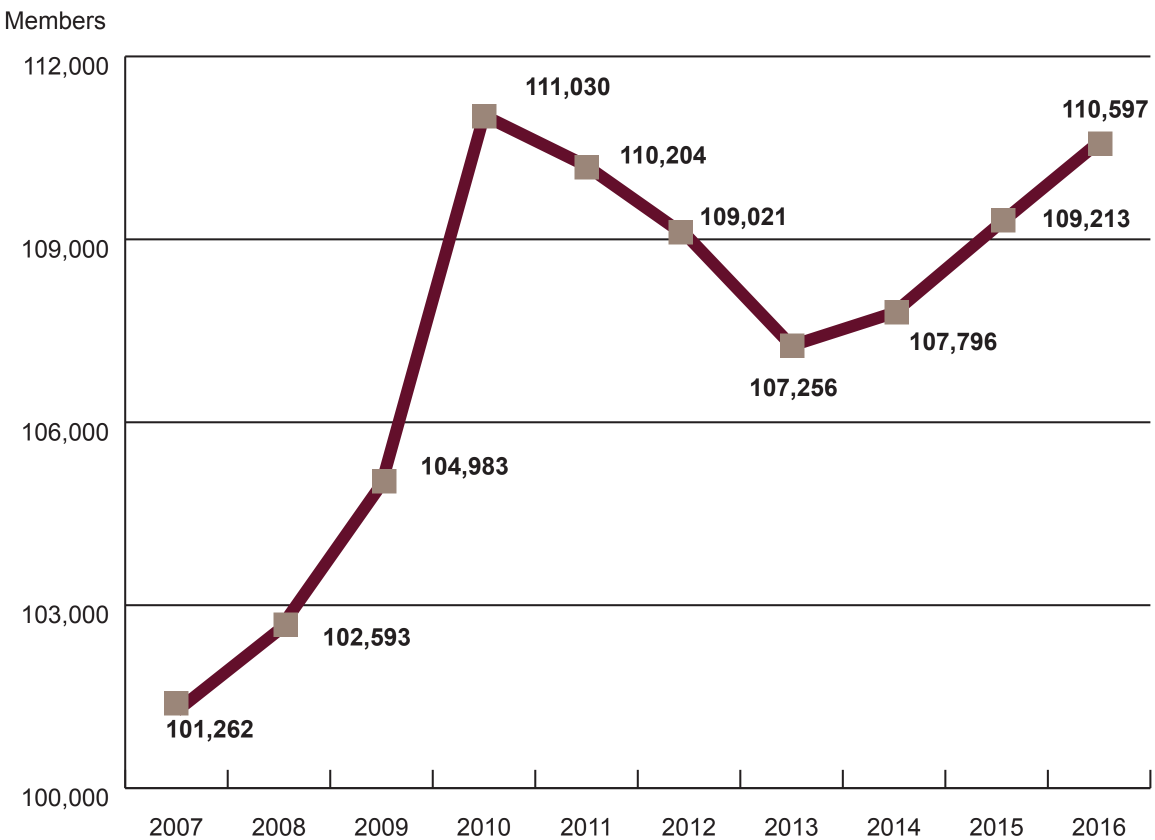
†Included in “Retirement benefits” prior to 2013.

Ten-Year Statements of Changes in Fiduciary Net Position (2016-2007) - cont'd

	2011	2010	2009	2008	2007
Additions					
Contributions					
Member contributions	$ 342,323,329	$ 347,114,632	$ 344,547,871	$ 323,678,452	$ 282,326,101
Employer contributions	943,678,941	726,559,462	714,691,946	713,661,042	593,831,129
Non-employer contributions*	0	0	0	0	0
LSU Co-Operative contributions*	0	0	0	0	0
Investment income:					
From investment activities					
Net investment income	2,942,693,424	1,285,742,297	(3,292,248,484)	(799,919,813)	2,616,966,317
Other income	3,299,671	3,605,633	4,407,243	46,264,759	5,496,271
Total additions to Fiduciary Net Position (reductions)	**4,231,995,365**	**2,363,022,024**	**(2,228,601,424)**	**283,684,440**	**3,498,619,818**
Deductions					
Retirement benefits	1,615,778,191	1,532,526,141	1,464,106,312	1,383,381,577	1,295,552,338
LSU Co-Operative benefits†	0	0	0	0	0
Refunds of contributions & other	43,005,926	40,834,543	34,418,885	35,071,343	48,119,943
TRSL employee health & life expense	1,477,395	1,813,334	2,502,048	2,285,378	0
Pension expense	0	0	0	0	0
Administrative expenses	15,417,596	16,154,823	15,799,028	14,880,903	13,323,547
Depreciation expense	537,060	543,096	540,725	545,737	506,521
Total deductions to Fiduciary Net Position	**1,676,216,168**	**1,591,871,937**	**1,517,366,998**	**1,436,164,938**	**1,357,502,349**
Net change in Fiduciary Net Position (decrease)	**2,555,779,197**	**771,150,087**	**(3,745,968,422)**	**(1,152,480,498)**	**2,141,117,469**
Net position restricted for pensions					
Beginning of year, before restatement	12,021,431,384	11,250,281,297	14,996,249,719	16,148,730,217	14,007,612,748
Cumulative effect of change in accounting principle	0	0	0	0	0
Beginning of year, after restatement	12,021,431,384	11,250,281,297	14,996,249,719	16,148,730,217	14,007,612,748
End of year	**$ 14,577,210,581**	**$ 12,021,431,384**	**$ 11,250,281,297**	**$ 14,996,249,719**	**$ 16,148,730,217**

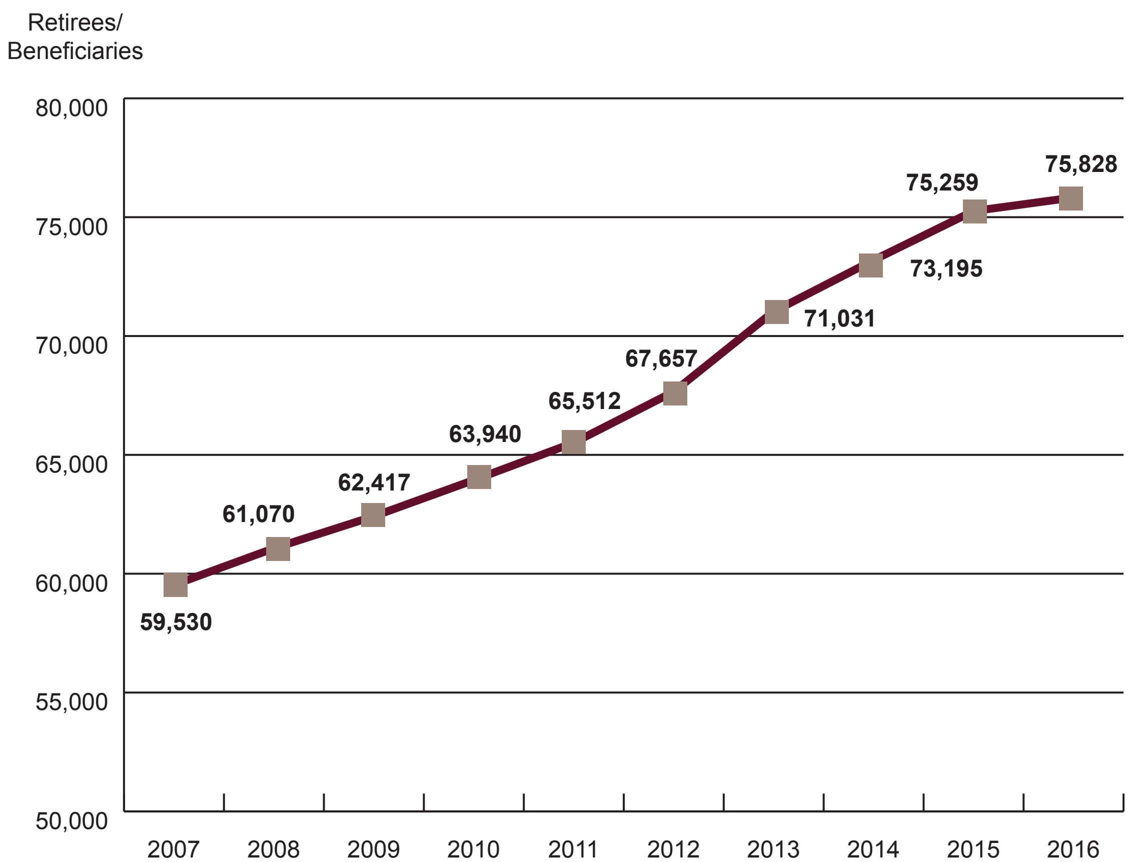
Number of Active, Terminated Vested, and Nonvested Members

Fiscal Year	Members	% Change Each Year
2006-2007	101,262	0.1%
2007-2008	102,593	1.3%
2008-2009	104,983	2.3%
2009-2010	111,030	5.8%
2010-2011	110,204	-0.7%
2011-2012	109,021	-1.1%
2012-2013	107,256	-1.6%
2013-2014	107,796	0.5%
2014-2015	109,213	1.3%
2015-2016	110,597	1.3%



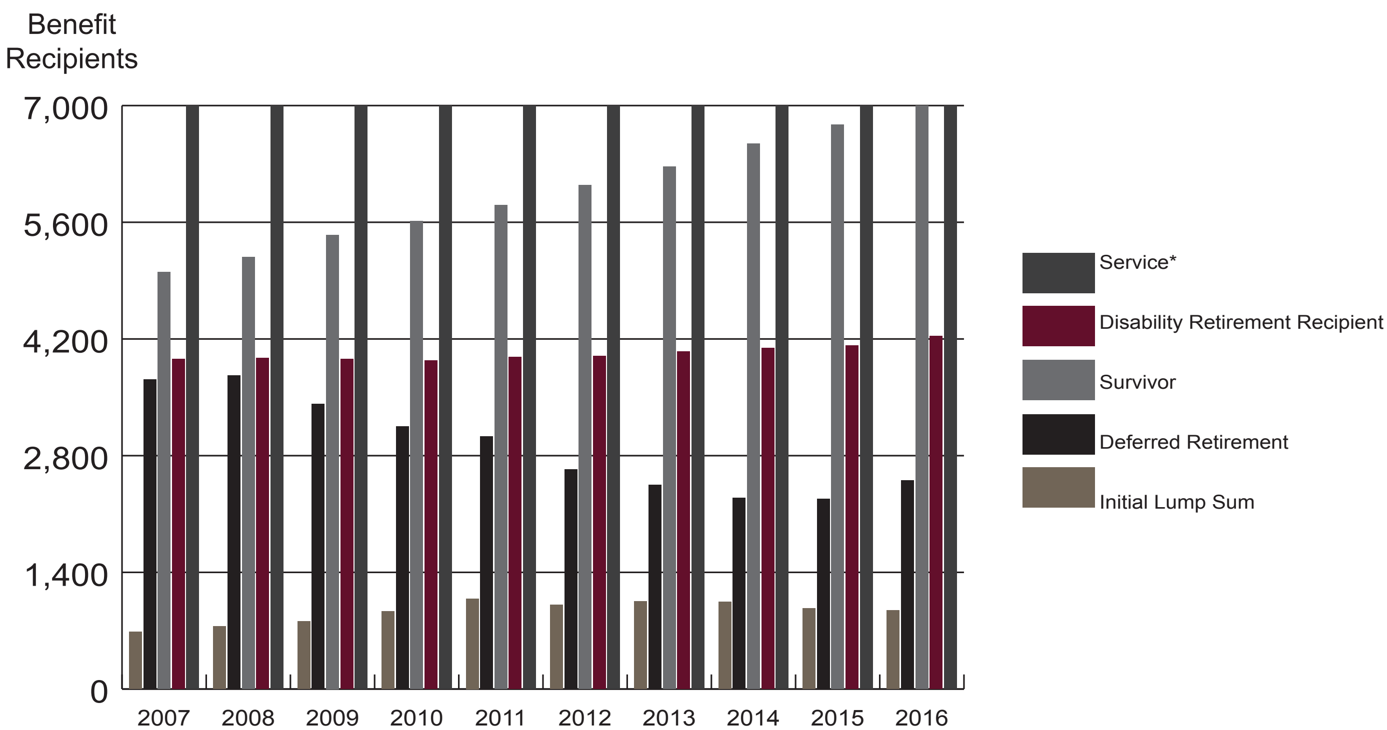
Number of Service Retirees, Disability Retirement Recipients, and Beneficiaries Receiving Benefits

Fiscal Year	Retirees	% Change Each Year
2006-2007	59,530	3.5%
2007-2008	61,070	2.6%
2008-2009	62,417	2.2%
2009-2010	63,940	2.4%
2010-2011	65,512	2.5%
2011-2012	67,657	3.3%
2012-2013	71,031	5.0%
2013-2014	73,195	3.1%
2014-2015	75,259	4.2%
2015-2016	75,828	0.8%



Number of Benefit Recipients

Fiscal Year	Service	Disability Retirement Recipient	Survivor	Deferred Retirement	Initial Lump Sum	Total
2006-2007	50,566	3,961	5,003	3,715	687	63,932
2007-2008	51,916	3,969	5,185	3,760	755	65,585
2008-2009	53,009	3,959	5,449	3,421	815	66,653
2009-2010	54,381	3,943	5,616	3,148	934	68,022
2010-2011	55,723	3,983	5,806	3,032	1,085	69,629
2011-2012	57,619	3,993	6,045	2,637	1,010	71,304
2012-2013	60,714	4,049	6,268	2,451	1,051	74,533
2013-2014	62,564	4,089	6,542	2,291	1,044	76,530
2014-2015	64,366	4,121	6,772	2,283	967	78,509
2015-2016	64,593	4,238	6,997	2,504	946	79,278



Values exceed capacity of chart. Refer to table above.

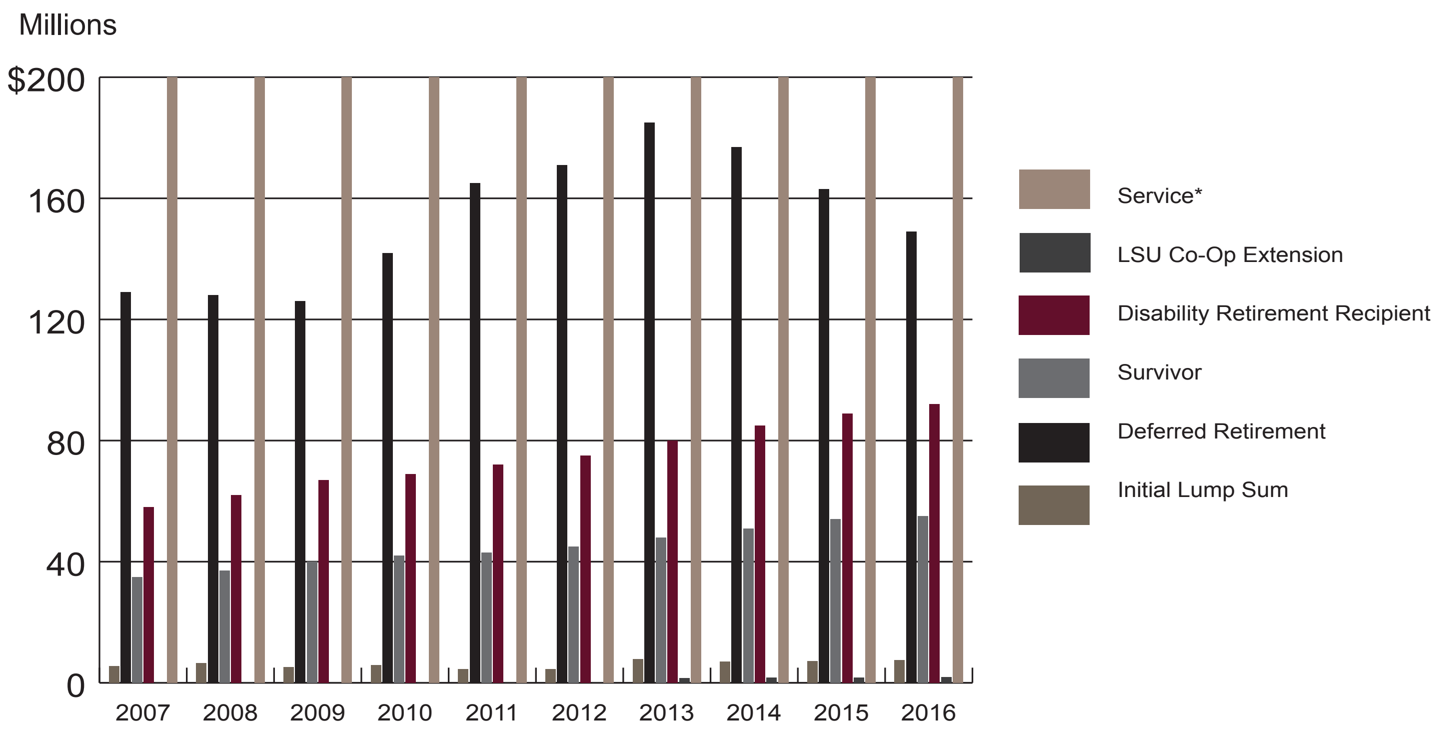
Schedule of Retired Members by Type of Benefit as of June 30, 2016 (Data include all plans)

Amount of Monthly Benefit	Service Retiree	Disability Retirement Recipient	Beneficiary/ Survivor	Total
$ 0 - $ 299.99	1,400	95	518	2,013
$ 300 - $ 599.99	5,057	632	1,058	6,747
$ 600 - $ 899.99	5,605	1,296	1,079	7,980
$ 900 - $ 1,199.99	6,345	990	907	8,242
$ 1,200 - $ 1,499.99	5,296	512	703	6,511
$ 1,500 - $ 1,799.99	4,533	272	491	5,296
$ 1,800 - $ 2,099.99	4,003	200	408	4,611
$ 2,100 - $ 2,399.99	4,797	97	385	5,279
$ 2,400 - $ 2,699.99	5,727	46	386	6,159
$ 2,700 - $ 2,999.99	5,635	41	300	5,976
$ 3,000 - $ 3,299.99	4,670	32	218	4,920
$ 3,300 - $ 3,599.99	3,517	10	154	3,681
$ 3,600 - $ 3,899.99	3,301	9	155	3,465
$ 3,900 - $ 4,199.99	636	1	31	668
$ 4,200 - $ 4,499.99	1,145	1	66	1,212
$ 4,500 - and above	2,926	4	138	3,068
TOTALS FOR ALL PLANS	**64,593**	**4,238**	**6,997**	**75,828**

Total Benefit Payments

Fiscal Year	Service	LSU Co-Op Extension	Disability Retirement Recipient	Survivor	Deferred Retirement	Initial Lump Sum	Total
2006-2007	$ 1,068,519,663	$ 0*	$ 58,071,721	$ 34,843,032	$ 128,592,267	$ 5,525,655	$ 1,295,552,338
2007-2008	1,149,302,721	0*	62,462,104	37,477,263	127,670,669	6,468,820	1,383,381,577
2008-2009	1,226,455,421	0*	66,655,186	39,993,112	125,779,104	5,223,489	1,464,106,312
2009-2010	1,273,969,481	0*	69,237,472	41,542,483	141,897,005	5,879,700	1,532,526,141
2010-2011	1,330,518,072	0*	72,310,765	43,386,458	165,109,914	4,452,982	1,615,778,191
2011-2012	1,386,433,318	0*	75,349,637	45,209,782	171,044,296	4,491,221	1,682,528,254
2012-2013	1,477,250,306	1,633,154	80,374,101	48,224,461	184,817,090	7,867,692	1,800,166,804
2013-2014	1,556,120,285	1,746,982	84,666,700	50,800,020	176,823,394	6,956,522	1,877,113,903
2014-2015	1,641,986,132	1,754,855	89,333,749	53,600,250	162,935,965	7,246,486	1,956,857,437
2015-2016	1,695,606,753	1,873,303	92,152,541	55,291,525	148,722,257	7,499,319	2,001,145,698

*Prior to 2012-2013, these payments were included in "Service" benefit payments.



*Values exceed capacity of chart. Refer to table above.

Ten-Year Average Monthly Benefit Payments for Service Retirees

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2007	Avg Benefit	$ 424	$ 427	$ 614	$ 1,101	$ 1,704	$ 2,576	$ 3,082	$ 4,020	$ 4,767	$ 2,155
2007	Avg Comp	$ 2,170	$ 2,729	$ 2,653	$ 3,139	$ 3,384	$ 3,853	$ 4,280	$ 5,562	$ 5,794	$ 3,682
2007	Retiree Count	20	118	258	313	599	1,065	622	87	19	3,101
2008	Avg Benefit	601	485	648	1,114	1,797	2,613	3,120	4,145	4,950	2,214
2008	Avg Comp	3,745	2,876	2,700	3,120	3,465	3,883	4,433	5,788	6,389	3,775
2008	Retiree Count	13	130	204	254	467	944	495	80	22	2,609
2009	Avg Benefit	323	536	654	1,179	1,878	2,750	3,272	4,049	5,270	2,371
2009	Avg Comp	2,865	3,141	2,788	3,308	3,715	4,141	4,632	5,879	7,695	4,052
2009	Retiree Count	12	103	179	229	487	809	519	104	29	2,471
2010	Avg Benefit	1,176	546	712	1,134	1,971	2,818	3,312	4,012	4,323	2,408
2010	Avg Comp	3,583	3,238	2,969	3,281	3,915	4,225	4,722	6,066	6,330	4,147
2010	Retiree Count	16	126	201	262	493	881	595	126	22	2,722
2011	Avg Benefit	473	633	772	1,204	1,993	2,832	3,361	4,262	4,403	2,443
2011	Avg Comp	2,688	2,706	2,810	2,963	3,386	3,979	4,471	5,085	5,476	3,790
2011	Retiree Count	9	142	208	268	506	857	582	135	35	2,742
2012	Avg Benefit	548	662	858	1,268	2,112	2,917	3,530	4,180	4,499	2,460
2012	Avg Comp	2,157	3,634	3,348	3,468	4,112	4,321	4,558	4,459	5,101	4,114
2012	Retiree Count	17	178	249	356	597	899	599	145	40	3,080
2013	Avg Benefit	573	681	942	1,363	2,137	3,071	3,454	4,425	4,421	2,482
2013	Avg Comp	2,918	3,664	3,609	3,675	4,153	4,565	4,497	4,989	4,632	4,233
2013	Retiree Count	34	177	295	412	781	945	622	167	43	3,476
2014	Avg Benefit	539	703	954	1,417	2,153	3,076	3,615	4,443	5,307	2,452
2014	Avg Comp	3,324	3,729	3,592	3,801	4,154	4,588	4,676	4,879	5,520	4,267
2014	Retiree Count	27	195	271	391	712	805	467	140	32	3,040
2015	Avg Benefit	432	749	904	1,321	2,081	3,115	3,720	4,430	4,133	2,458
2015	Avg Comp	2,334	3,920	3,354	3,617	4,015	4,657	4,818	4,902	4,272	4,235
2015	Retiree Count	16	182	223	314	621	716	366	146	36	2,620
2016	Avg Benefit	745	744	1019	1406	2112	3055	3802	4447	4625	2,422
2016	Avg Comp	4,967	4,083	3,597	3,764	4,075	4,579	4,964	5,194	5,135	4,312
2016	Retiree Count	16	193	242	338	599	688	281	157	36	2,550

Ten-Year Average Monthly Benefit Payments for Disability Retirement Recipients

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2007	Avg Benefit	$ 592	$ 689	$ 842	$ 1,028	$ 1,373	$ 1,805	$ 0	$ 0	$ 0	$ 928
2007	Avg Comp	$ 1,480	$ 2,072	$ 2,097	$ 2,243	$ 2,739	$ 4,616	$ 0	$ 0	$ 0	$ 2,245
2007	Retiree Count	7	50	63	37	28	4	0	0	0	189
2008	Avg Benefit	808	791	902	1,166	1,430	1,015	0	0	0	981
2008	Avg Comp	619	2,193	2,243	2,688	2,880	1,730	0	0	0	2,340
2008	Retiree Count	4	65	51	38	22	6	0	0	0	186
2009	Avg Benefit	869	801	948	1,287	1,201	1,266	0	0	0	1,029
2009	Avg Comp	2,068	2,193	2,595	2,916	2,488	2,543	0	0	0	2,513
2009	Retiree Count	3	50	28	38	18	5	0	0	0	142
2010	Avg Benefit	903	841	1,059	1,408	1,636	1,357	832	0	0	1,207
2010	Avg Comp	2,838	2,130	2,868	3,163	3,359	2,536	1,365	0	0	2,847
2010	Retiree Count	2	35	39	52	20	3	1	0	0	152
2011	Avg Benefit	862	904	1,036	1,548	1,477	1,820	0	0	0	1,220
2011	Avg Comp	1,158	2,180	2,102	2,442	2,824	4,062	0	0	0	2,341
2011	Retiree Count	3	41	44	44	23	3	0	0	0	158
2012	Avg Benefit	1,054	948	1,098	1,424	0	0	0	0	0	1,148
2012	Avg Comp	3,205	2,704	2,899	3,022	0	0	0	0	0	2,880
2012	Retiree Count	3	30	24	27	0	0	0	0	0	84
2013	Avg Benefit	1,129	986	1,046	1,584	833	0	0	0	0	1,215
2013	Avg Comp	2,446	3,163	2,750	3,467	1,899	0	0	0	0	3,069
2013	Retiree Count	2	27	43	40	3	0	0	0	0	115
2014	Avg Benefit	0	959	1,143	1,616	0	845	0	0	0	1,244
2014	Avg Comp	0	2,450	3,003	3,514	0	1,427	0	0	0	3,006
2014	Retiree Count	0	28	42	34	0	1	0	0	0	105
2015	Avg Benefit	943	906	1,064	1,477	2,807	0	0	0	0	1,224
2015	Avg Comp	2,846	2,598	2,775	3,259	4,416	0	0	0	0	2,949
2015	Retiree Count	2	41	31	36	6	0	0	0	0	116
2016	Avg Benefit	943	961	1,055	1,386	2,250	0	0	0	0	1,181
2016	Avg Comp	3,434	2,335	2,598	2,990	3,510	0	0	0	0	2,704
2016	Retiree Count	2	43	38	56	3	0	0	0	0	142

Ten-Year Average Monthly Benefit Payments for Beneficiaries/Survivors

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2007	Avg Benefit	$ 682	$ 524	$ 599	$ 787	$ 1,015	$ 1,322	$ 1,582	$ 1,881	$ 2,640	$ 1,175
2007	Avg Comp	$ 0	$ 1,802	$ 1,602	$ 1,435	$ 1,776	$ 2,157	$ 1,408	$ 1,154	$ 2,153	$ 1,708
2007	Retiree Count	2	38	55	66	111	142	101	38	8	561
2008	Avg Benefit	851	423	468	902	1,024	1,517	1,893	1,859	1,828	1,302
2008	Avg Comp	2,133	2,424	1,873	1,211	1,731	2,298	2,080	1,623	1,083	1,944
2008	Retiree Count	6	27	65	52	88	138	124	33	9	542
2009	Avg Benefit	371	386	504	843	1,114	1,759	1,983	1,959	2,481	1,334
2009	Avg Comp	4,206	1,797	1,802	2,136	1,939	2,335	1,857	1,883	1,526	2,004
2009	Retiree Count	1	43	65	72	113	126	109	38	7	574
2010	Avg Benefit	263	439	606	846	1,261	1,593	1,753	2,119	1,543	1,292
2010	Avg Comp	2,996	2,494	2,078	1,913	2,382	1,978	1,575	1,990	580	1,999
2010	Retiree Count	4	44	77	70	93	133	121	38	5	585
2011	Avg Benefit	710	350	471	659	1,099	1,492	1,856	2,372	1,829	1,267
2011	Avg Comp	2,861	2,042	1,822	1,053	1,879	1,934	1,883	1,663	3,245	1,797
2011	Retiree Count	5	25	51	75	112	139	113	27	6	553
2012	Avg Benefit	337	387	523	744	1,072	1,728	2,123	3,291	2,515	1,458
2012	Avg Comp	3,333	2,879	2,485	3,158	2,411	3,006	3,367	3,960	5,000	3,033
2012	Retiree Count	5	20	59	61	80	124	92	27	12	480
2013	Avg Benefit	278	432	488	752	1,248	1,709	2,344	2,638	2,689	1,447
2013	Avg Comp	1,274	3,888	3,209	3,234	2,813	3,043	3,507	3,259	4,020	3,258
2013	Retiree Count	2	59	56	60	73	127	96	35	9	517
2014	Avg Benefit	593	453	660	788	1,298	1,925	2,068	3,203	4,008	1,622
2014	Avg Comp	1,241	4,648	2,572	2,498	2,919	3,242	3,137	4,573	6,434	3,278
2014	Retiree Count	1	47	45	51	100	145	124	40	5	558
2015	Avg Benefit	300	456	513	783	1,249	1,875	2,221	2,728	3,714	1,599
2015	Avg Comp	3,608	2,773	2,854	3,102	3,259	3,101	3,172	3,896	5,368	3,199
2015	Retiree Count	1	24	54	66	86	142	117	30	12	532
2016	Avg Benefit	349	409	621	725	1,155	1,906	2,208	3,057	4,480	1,600
2016	Avg Comp	3,759	2,799	2,610	2,535	3,080	3,350	3,274	4,506	6,264	3,253
2016	Retiree Count	3	48	62	66	106	133	115	40	20	593

Benefit and Refund Expenses by Type (2016-2007)

	2016	2015	2014	2013	2012
Benefits					
Service	$ 1,695,606,753	$ 1,641,986,132	$ 1,556,120,285	$ 1,477,250,306	$ 1,386,433,318
LSU Co-Op Extension	1,873,303	1,754,855	1,746,982	1,633,154	0*
Disability retirement recipient	92,152,541	89,333,749	84,666,700	80,374,101	75,349,637
Beneficiary/survivors	55,291,525	53,600,250	50,800,020	48,224,461	45,209,782
Deferred retirement	148,722,257	162,935,965	176,823,394	184,817,090	171,044,296
Initial lump sum	7,499,319	7,246,486	6,956,522	7,867,692	4,491,221
Total benefits	**$ 2,001,145,698**	**$ 1,956,857,437**	**$ 1,877,113,903**	**$ 1,800,166,804**	**$ 1,682,528,254**
Refunds					
Separation	$32,606,034	$33,295,983	$ 38,027,953	$ 38,215,111	$ 31,596,812
Death	5,794,154	6,262,363	5,908,530	5,087,304	4,432,955
Return-to-work	10,741,387	11,987,416	13,715,641	15,850,066	13,109,261
Total refunds	**$ 49,141,575**	**$ 51,545,762**	**$ 57,652,124**	**$ 59,152,481**	**$ 49,139,028**
Other	**743,079**	**857,000**	**1,125,213**	**560,494**	**1,056,870**
Total refunds & other	**$ 49,884,654**	**$ 52,402,762**	**$ 58,777,337**	**$ 59,712,975**	**$ 50,195,898**

	2011	2010	2009	2008	2007
Benefits					
Service	$ 1,330,518,072	$ 1,273,969,481	$ 1,226,455,421	$ 1,149,302,721	$ 1,068,519,663
LSU Co-Op Extension	0*	0*	0*	0*	0*
Disability retirement recipient	72,310,765	69,237,472	66,655,186	62,462,104	58,071,721
Beneficiary/survivors	43,386,458	41,542,483	39,993,112	37,477,263	34,843,032
Deferred retirement	165,109,914	141,897,005	125,779,104	127,670,669	128,592,267
Initial lump sum	4,452,982	5,879,700	5,223,489	6,468,820	5,525,655
Total benefits	**$ 1,615,778,191**	**$ 1,532,526,141**	**$ 1,464,106,312**	**$ 1,383,381,577**	**$ 1,295,552,338**
Refunds					
Separation	$ 26,372,462	$ 24,607,616	$ 21,555,743	$ 24,146,622	$ 38,512,963
Death	4,062,653	4,010,028	2,851,075	3,246,131	3,376,994
Return-to-work	11,813,372	11,592,533	9,032,619	6,892,785	5,689,294
Total refunds	**$ 42,248,487**	**$ 40,210,177**	**$ 33,439,437**	**$ 34,285,538**	**$ 47,579,251**
Other	**757,439**	**624,366**	**979,448**	**785,805**	**540,692**
Total refunds & other	**$ 43,005,926**	**$ 40,834,543**	**$ 34,418,885**	**$ 35,071,343**	**$ 48,119,943**

**Included in "Service" benefits prior to 2013.*

Revenues by Source

Fiscal Year	Member	Employer	Non-Employer*	ACTS 642 & 7	Net Investment Income (Loss)	Other Operating Revenues	Total
2006-2007	$ 282,326,101	$ 593,831,129			$ 2,616,966,317	$ 5,496,271	$ 3,498,619,818
2007-2008	323,678,452	713,661,042		$40,000,000†	(799,919,813)	6,264,759	283,684,440
2008-2009	344,547,871	714,691,946			(3,292,248,484)	4,407,243	(2,228,601,424)
2009-2010	347,114,632	726,559,462			1,285,742,297	3,605,633	2,363,022,024
2010-2011	342,323,329	943,678,941			2,942,693,424	3,299,671	4,231,995,365
2011-2012	333,908,454	1,084,589,881			(58,458,258)	2,265,262	1,362,305,339
2012-2013	327,767,936	1,058,995,111	$ 36,484,681		1,750,935,396	4,051,269	3,178,234,393
2013-2014	326,007,091	1,174,540,866	37,956,700	5,578,791‡	2,815,090,995	2,913,077	4,362,087,520
2014-2015	324,920,644	1,217,466,676	39,277,614	10,384,806§	443,364,220	1,795,947	2,037,209,907
2015-2016	330,773,315	1,157,901,123	40,024,323		177,640,776	2,951,433	1,709,290,970

Refers to the sheriff tax collections and LSU Co-Op Extension.

†Act 7 of 2008.

‡Act 55 of 2014.

§Act 55 of 2014 and Act 56 of 2015.

Expenses by Type

Fiscal Year	Benefits	Pension Expense	Refunds/ Other	Administrative Expenses	Depreciation Expense	Total
2006-2007	$ 1,295,552,338		$ 48,119,943	$ 13,323,547	$ 506,521	$ 1,357,502,349
2007-2008	1,385,666,955*		35,071,343	14,880,903	545,737	1,436,164,938
2008-2009	1,466,608,360*		34,418,885	15,799,028	540,725	1,517,366,998
2009-2010	1,534,339,475*		40,834,543	16,154,823	543,096	1,591,871,937
2010-2011	1,617,255,586*		43,005,926	15,417,596	537,060	1,676,216,168
2011-2012	1,683,578,351*		50,195,898	16,317,659	440,291	1,750,532,199
2012-2013	1,801,140,949*		59,712,975	15,750,180	377,150	1,876,981,254
2013-2014	1,878,161,735*		58,777,337	15,026,969†	322,881	1,952,288,922
2014-2015	1,958,543,273*	$ 2,078,530	52,402,762	14,259,428†	384,426	2,027,668,419
2015-2016	2,001,121,694*	1,773,559	49,884,654	14,532,681†	407,105	2,067,719,693

**Includes Other Post-Employment Benefits (OPEB) expense and LSU Co-Op Extension.*

†Investment administrative expenses are excluded from this total in accordance with GASB 67.

Ten Largest Employers (Statistical)

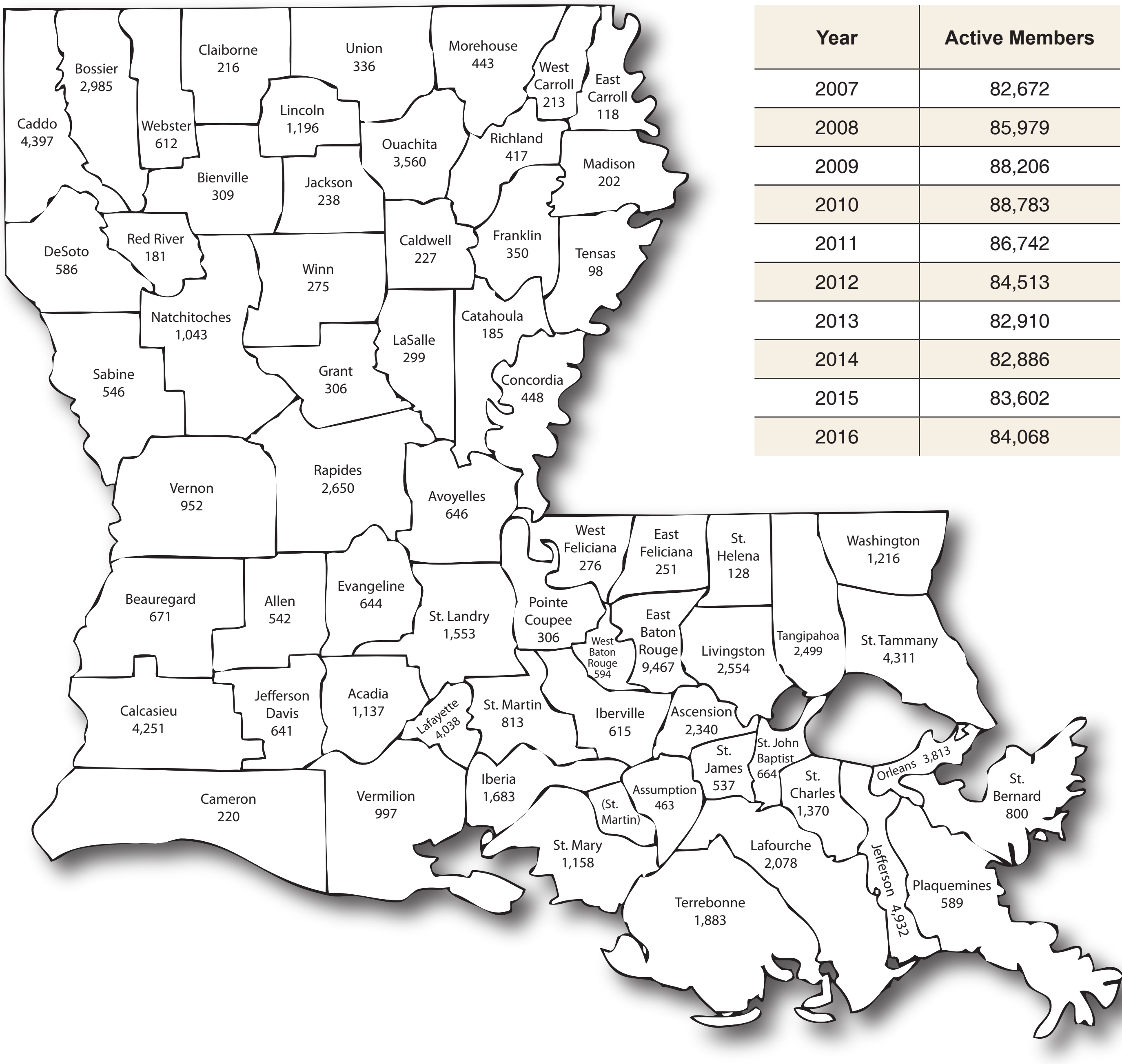
	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2016			**2015**		
EBR Parish School Board	4,868	6%	EBR Parish School Board	4,859	6%
Jefferson Parish School Board	4,862	6%	Jefferson Parish School Board	4,602	6%
Caddo Parish School Board	4,312	5%	Caddo Parish School Board	4,429	5%
St. Tammany Parish School Board	4,308	5%	St. Tammany Parish School Board	4,216	5%
Calcasieu Parish School Board	3,894	5%	Calcasieu Parish School Board	3,870	5%
Lafayette Parish School Board	3,321	4%	Lafayette Parish School Board	3,324	4%
Rapides Parish School Board	2,612	3%	Rapides Parish School Board	2,621	3%
Livingston Parish School Board	2,554	3%	Livingston Parish School Board	2,524	3%
Ascension Parish School Board	2,290	3%	Ascension Parish School Board	2,272	3%
Bossier Parish School Board	2,270	3%	Bossier Parish School Board	2,210	3%
2014			**2013**		
EBR Parish School Board	4,635	6%	Caddo Parish School Board	4,700	6%
Jefferson Parish School Board	4,567	5%	EBR Parish School Board	4,597	5%
Caddo Parish School Board	4,449	5%	Jefferson Parish School Board	4,487	5%
St. Tammany Parish School Board	4,115	5%	St. Tammany Parish School Board	4,063	5%
Calcasieu Parish School Board	3,888	5%	Calcasieu Parish School Board	3,878	5%
Lafayette Parish School Board	3,350	4%	Lafayette Parish School Board	3,345	4%
Rapides Parish School Board	2,636	3%	Rapides Parish School Board	2,664	3%
Livingston Parish School Board	2,522	3%	Livingston Parish School Board	2,473	3%
Ascension Parish School Board	2,229	3%	Bossier Parish School Board	2,212	3%
Bossier Parish School Board	2,143	3%	Ascension Parish School Board	2,152	3%
2012			**2011**		
Caddo Parish School Board	4,872	6%	Caddo Parish School Board	5,204	6%
EBR Parish School Board	4,697	6%	EBR Parish School Board	4,877	6%
Jefferson Parish School Board	4,680	5%	Jefferson Parish School Board	4,854	6%
St. Tammany Parish School Board	4,105	5%	St. Tammany Parish School Board	4,134	5%
Calcasieu Parish School Board	3,852	5%	Calcasieu Parish School Board	3,914	4%
Lafayette Parish School Board	3,300	4%	Lafayette Parish School Board	3,404	4%
Rapides Parish School Board	2,637	3%	Rapides Parish School Board	2,648	3%
Livingston Parish School Board	2,479	3%	Livingston Parish School Board	2,629	3%
Ouachita Parish School Board	2,217	3%	Ouachita Parish School Board	2,239	3%
Bossier Parish School Board	2,188	3%	Ascension Parish School Board	2,197	3%

Ten Largest Employers (Statistical) – cont'd

	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2010			**2009**		
Caddo Parish School Board	5,201	6%	Jefferson Parish School Board	5,193	6%
EBR Parish School Board	5,160	6%	Caddo Parish School Board	5,189	6%
Jefferson Parish School Board	5,145	6%	EBR Parish School Board	5,107	6%
St. Tammany Parish School Board	4,237	5%	St. Tammany Parish School Board	4,249	5%
Calcasieu Parish School Board	4,066	5%	Calcasieu Parish School Board	4,026	5%
Lafayette Parish School Board	3,408	4%	Lafayette Parish School Board	3,394	4%
Rapides Parish School Board	2,694	3%	Rapides Parish School Board	2,685	3%
Livingston Parish School Board	2,599	3%	Livingston Parish School Board	2,562	3%
Ascension Parish School Board	2,212	3%	Ouachita Parish School Board	2,177	2%
Ouachita Parish School Board	2,210	3%	Terrebonne Parish School Board	2,140	2%
2008			**2007**		
Jefferson Parish School Board	5,043	6%	EBR Parish School Board	4,937	6%
EBR Parish School Board	4,973	6%	Caddo Parish School Board	4,898	6%
Caddo Parish School Board	4,935	6%	Jefferson Parish School Board	4,758	6%
St. Tammany Parish School Board	4,140	5%	St. Tammany Parish School Board	4,118	5%
Calcasieu Parish School Board	3,727	5%	Calcasieu Parish School Board	3,712	4%
Lafayette Parish School Board	3,174	4%	Lafayette Parish School Board	2,992	4%
Rapides Parish School Board	2,635	3%	Rapides Parish School Board	2,621	3%
Livingston Parish School Board	2,290	3%	Livingston Parish School Board	2,287	3%
Ouachita Parish School Board	2,074	3%	Ouachita Parish School Board	2,063	2%
Terrebonne Parish School Board	2,049	3%	Terrebonne Parish School Board	2,029	2%

Total Active Members Statewide

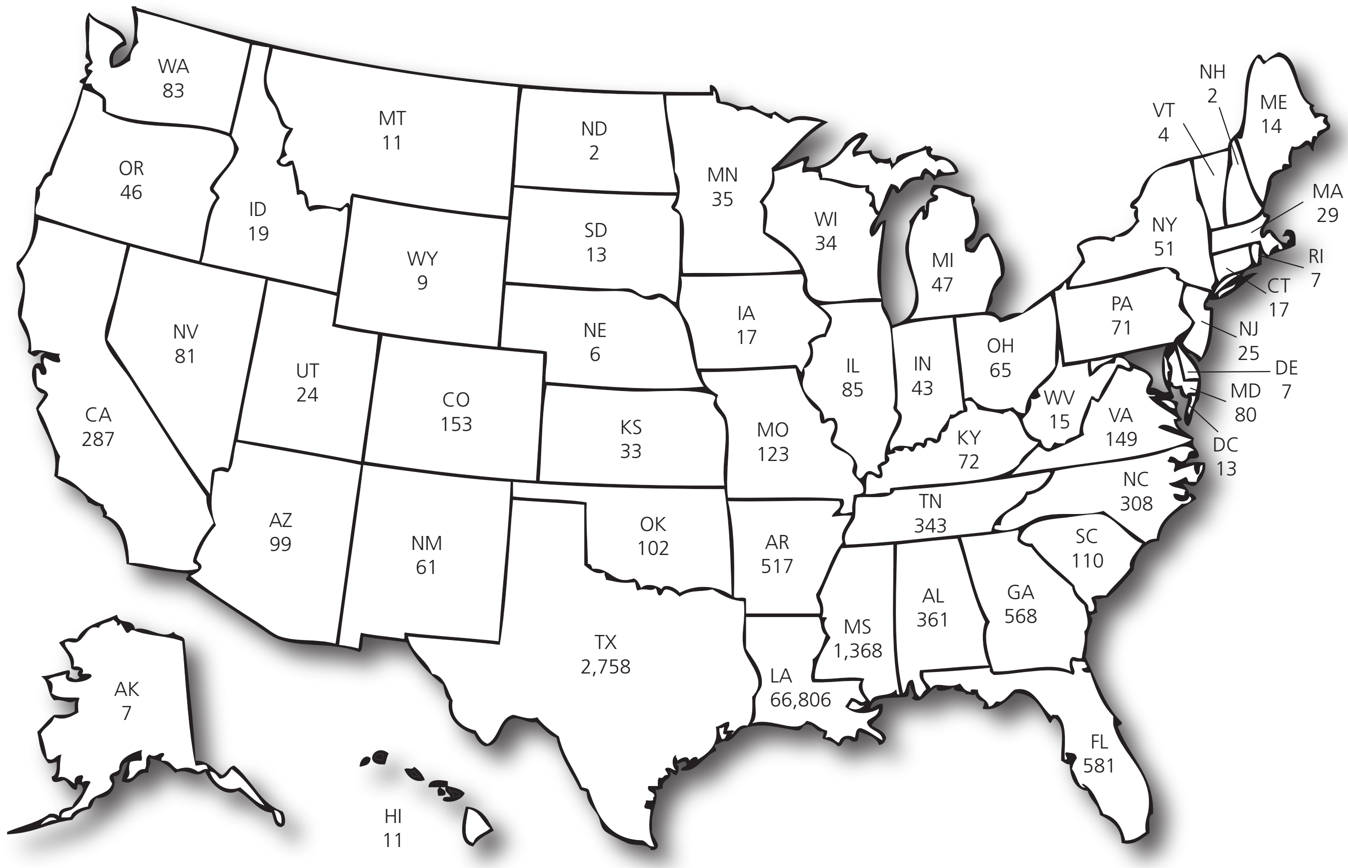
Total number of members – 84,068 (includes all employing agencies located within each parish)



Year	Active Members
2007	82,672
2008	85,979
2009	88,206
2010	88,783
2011	86,742
2012	84,513
2013	82,910
2014	82,886
2015	83,602
2016	84,068

TRSL Retirees Worldwide

Total number of retirees – 75,828



United States and District of Columbia				**75,772**
U.S. Overseas Military Bases				**6**
U.S. Possessions:				**2**
Guam	1	Virgin Islands	1	
Foreign Countries:				**48**
Argentina	1	Italy	1	
Australia	4	Mexico	1	
Belgium	1	New Zealand	1	
Bermuda	1	Pakistan	2	
Canada	10	Philippines	1	
Costa Rica	2	Poland	1	
Czech Republic	3	Portugal	1	
Finland	1	Switzerland	2	
Germany	9	Thailand	2	
Greece	1	United Kingdom	3	
			TOTAL	**75,828**

Year	Retirees
2007	59,530
2008	61,070
2009	62,417
2010	63,940
2011	65,512
2012	67,657
2013	71,031
2014	73,195
2015	75,259
2016	75,828

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