

REPORT
STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2003 AND 2002

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
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JUNE 30, 2003 AND 2002

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DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN M. HARGES, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

1340 Poydras St., Suite 2000 · New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
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INDEPENDENT AUDITOR'S REPORT

August 26, 2003

Board of Trustees
State of Louisiana
School Employees' Retirement System
Baton Rouge, Louisiana

We have audited the accompanying statements of plan net assets of the State of Louisiana School Employees' Retirement System (Plan), a component unit of the State of Louisiana, as of June 30, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the State of Louisiana School Employees' Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Louisiana School Employees' Retirement System as of June 30, 2003 and 2002, and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the State of Louisiana School Employees' Retirement System adopted the provisions of the Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, during the year ended June 30, 2002.

Management's discussion and analysis on Pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We have audited the financial statements of the Plan for the years ending June 30, 2003 and 2002 and issued our unqualified opinion on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 23 - 25, and the supplemental schedules listed on pages 26 - 68 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending June 30, 1998 - 2003 and supplemental schedules for the years ending June 30, 2003 and 2002, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. We have not examined the financial statements of the Plan for any period prior to the year ended June 30, 1999. Accordingly, we do not express an opinion or any other form of assurance on the required statistical information relating to any period prior to June 30, 1999. The financial statements of the Plan prior to June 30, 1999, were audited by other auditors whose reports expressed an unqualified opinion on those financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2003 on our consideration of State of Louisiana School Employees' Retirement System's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003

The following is management's discussion and analysis of the financial performance of Louisiana School Employees' Retirement System (LSERS). It is presented as a narrative overview and analysis for purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year.

FINANCIAL HIGHLIGHTS

- The System experienced net investment income of \$50,126,072, a 243 percent increase over the net investment loss of \$34,986,556 at June 30, 2002. This net investment income is due to more favorable returns in the markets as compared to one year ago.
- Employer contributions increased by \$15,120,698 or 99 percent due to an actuarially determined rate increase from six percent to 11.2 percent for employers.
- Other operating revenues decreased 100 percent from 625,367 to zero due to a lack of transfers in to LSERS from other systems.
- The employer credit expense increased by \$15,167,861 or 100 percent due to the increase in the Employer Contribution Rate from six percent to 11.2 percent.
- Other operating expenses increased by \$216,892 or 226 percent due to a greater number of transfers from LSERS to other systems.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statements of plan net assets report the pension funds assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2003 and June 30, 2002.

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

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003

LSERS FINANCIAL ANALYSIS

LSERS provides retirement benefits to all eligible school bus drivers, school janitors, school custodians, school maintenance employees, school bus aides, or other regular school employees who actually work on a school bus helping with the transportation of school children. Employee contributions, employer contributions, and earnings on investments fund these benefits.

Statements of Plan Net Assets
June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash	\$ 13,294,279	\$ 4,807,269
Receivables	67,613,139	14,567,646
Investments	1,541,631,400	1,542,478,893
Property and equipment	<u>3,982,246</u>	<u>4,125,355</u>
Total Assets	<u>1,626,521,064</u>	<u>1,565,979,163</u>
 Total Liabilities	 <u>282,330,295</u>	 <u>188,981,557</u>
 Net Assets Held In Trust For Pension Benefits	 <u>\$ 1,344,190,769</u>	 <u>\$ 1,376,997,606</u>

Statements of Changes in Plan Net Assets
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Additions:		
Contributions	\$ 50,181,788	\$ 34,068,824
Investment Gain (Loss)	50,126,072	(34,986,556)
Other	<u>--</u>	<u>625,367</u>
Total Additions	<u>100,307,860</u>	<u>(292,365)</u>
 Total Deductions	 <u>133,114,697</u>	 <u>109,010,485</u>
 Decrease in Plan Net Assets	 <u>\$ (32,806,837)</u>	 <u>\$ (109,302,850)</u>

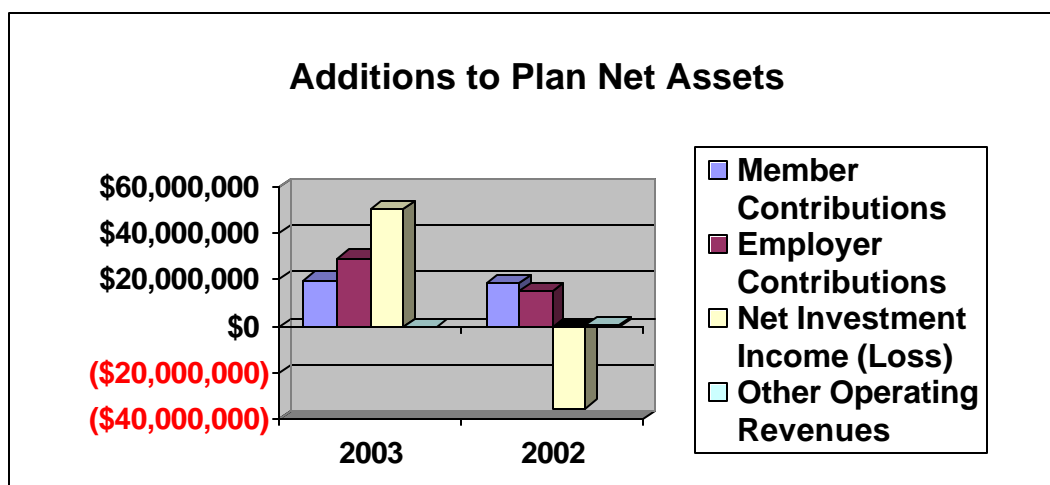
Additions to Plan Net Assets

Additions to LSERS plan net assets were derived from member and employer contributions and net gain on investments. Employer contributions increased \$15,120,698 or 99 percent while employee contributions increased \$992,266 or five percent. The increase in employer contributions is primarily due to an increase in the Employer Contribution Rate from six percent to 11.2 percent. The System

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003

experienced a net investment income of \$50,126,072 for the fiscal year ending June 30, 2003 as compared to a net investment loss of \$34,986,556 for fiscal year ending June 30, 2002. This 243 percent increase in investment income is due to more favorable market returns for this year.

<u>Additions to Assets</u>	2003	2002	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	\$ 19,820,210	\$18,827,944	\$ 992,266	5%
Employer Contributions	30,361,578	15,240,880	15,120,698	99%
Net Investment Income (Loss)	50,126,072	(34,986,556)	85,112,628	243%
Other Operating Revenues	-0-	625,367	(625,367)	(100%)
Total	<u>\$100,307,860</u>	<u>\$ (292,365)</u>	<u>\$100,600,225</u>	

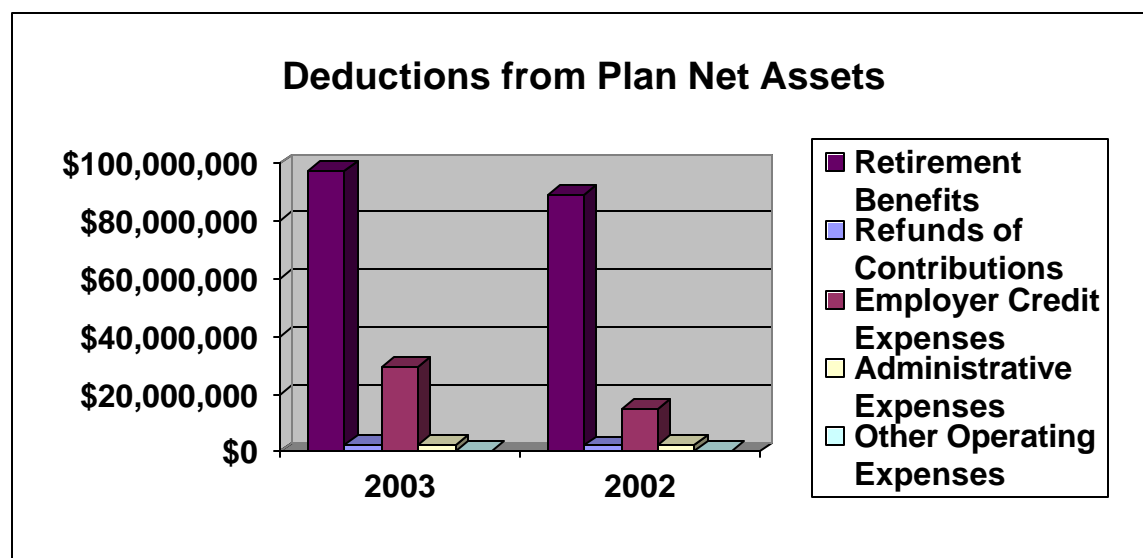


Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits, employer credit expenses, and administrative expenses. Deductions from plan net assets totaled \$133,114,697 in fiscal year 2003. This is an increase of \$24,104,212, primarily, due to the increase in the Employer Credit expense. The increase in the Employer Credit expense is due to the increase in the Employer Contribution Rate from 6% to 11.2% for the fiscal year July 1, 2002 to June 30, 2003. The cost of administering LSERS benefits per member during 2003 was \$97 per individual as compared to \$87 per individual in 2002.

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003

<u>Deductions from Assets</u>	2003	2002	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement Benefits	\$97,597,894	\$ 89,516,977	\$ 8,080,917	9%
Refunds of Contributions	2,420,242	1,992,256	427,986	21%
Employer Credit Expenses	30,302,842	15,134,981	15,167,861	100%
Administrative Expenses	2,404,706	2,194,150	210,556	10%
Other Operating Expenses	<u>389,013</u>	<u>172,121</u>	<u>216,892</u>	226%
Total	<u>\$133,114,697</u>	<u>\$109,010,485</u>	<u>\$24,104,212</u>	

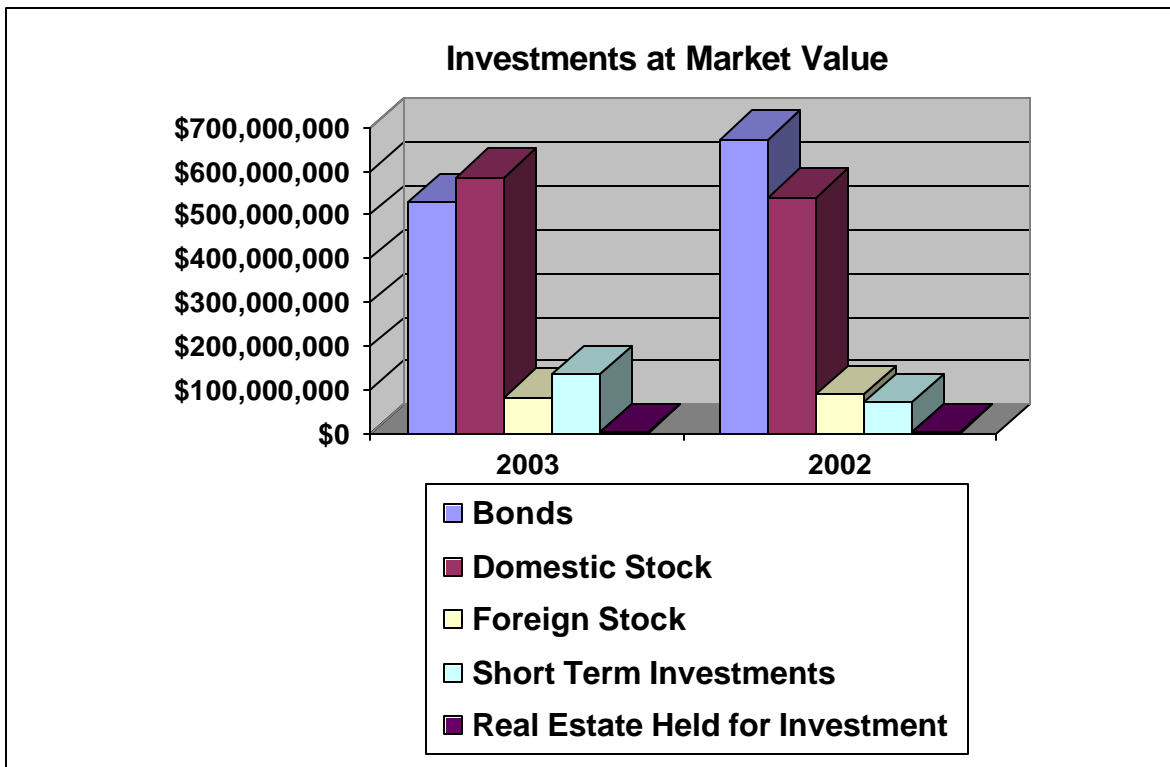


Investments

LSERS is responsible for the prudent management of funds held in trust for the exclusive benefits of our members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2003 amounted to \$1,331,121,831 as compared to \$1,377,202,600 at June 30, 2002, which is a decrease of \$46 million or 3 percent. Although total investments decreased for the year ending June 30, 2003, the 3 percent decrease is an improvement over the nine percent decrease experienced during the year ending June 30, 2002. This improvement is a result of more favorable returns in the markets for the 2003 fiscal year. LSERS investments in various markets at the end of the 2003 and 2002 fiscal years are indicated in the following table:

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003

<u>Investments</u>	2003	2002	Increase (Decrease) Amount	Increase (Decrease) Percentage
Bonds	\$ 529,228,071	\$ 672,599,946	(\$143,371,875)	(21%)
Domestic Stock	584,637,174	540,572,342	44,064,832	8%
Foreign Stock	81,548,422	89,736,320	(8,187,898)	(9%)
Short Term Investments	134,008,164	71,001,982	63,006,182	89%
Real Estate Held for Investment	<u>1,700,000</u>	<u>3,292,010</u>	<u>1,592,010</u>	<u>(48%)</u>
Total	<u>\$1,331,121,831</u>	<u>\$1,377,202,600</u>	<u>(\$46,080,769)</u>	<u>(3%)</u>



REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Charlene Quinn, Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516.

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

	<u>ASSETS</u>	
	2003	2002
CASH:		
In bank	\$ 13,294,279	\$ 4,807,269
RECEIVABLES: (Notes 1 and 3)		
Member contributions	2,703,638	2,759,542
Accrued interest and dividends	5,568,647	7,515,286
Investment receivable	59,338,127	4,292,452
Other	2,727	366
Total receivables	<u>67,613,139</u>	<u>14,567,646</u>
INVESTMENTS, AT FAIR VALUE:		
(Notes 1, 5, 6, and 7) (Pages 29 - 67)		
U.S. Government and agency obligations	97,611,243	78,163,387
Bonds - domestic and foreign	431,616,828	594,436,559
Marketable securities - domestic	584,637,174	540,572,342
Marketable securities - foreign	81,548,422	89,736,320
Collateral held under securities lending program	210,509,569	165,276,293
Short term investments	134,008,164	71,001,982
Real estate held for investment	1,700,000	3,292,010
Total investments	<u>1,541,631,400</u>	<u>1,542,478,893</u>
PROPERTY AND EQUIPMENT, AT COST: (Notes 1 and 9)		
Building	3,553,274	3,553,274
Land	976,558	976,558
Furniture and equipment	930,679	909,967
	<u>5,460,511</u>	<u>5,439,799</u>
Less accumulated depreciation	1,478,265	1,314,444
Total property and equipment	<u>3,982,246</u>	<u>4,125,355</u>
Total assets	<u>1,626,521,064</u>	<u>1,565,979,163</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	795,508	758,390
Accrued expenses and benefits	226,668	216,132
Obligations under securities lending program (Notes 5 and 6)	210,509,569	165,276,293
Investment payable	70,798,550	22,730,742
Total liabilities	<u>282,330,295</u>	<u>188,981,557</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u>1,344,190,769</u>	\$ <u>1,376,997,606</u>
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(A schedule of funding progress for the Plan
is presented on Page 23)

See accompanying notes.

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

	<u>2003</u>	<u>2002</u>
ADDITIONS:		
Contributions: (Notes 1 and 3)		
Member contributions	\$ 19,820,210	\$ 18,827,944
Employer contributions	<u>30,361,578</u>	<u>15,240,880</u>
Total contributions	<u>50,181,788</u>	<u>34,068,824</u>
Investment Income: (Note 1)		
Net appreciation (depreciation) in fair value of investments	6,419,945	(87,628,017)
Interest	35,193,136	45,652,372
Securities lending income	2,542,109	3,714,782
Dividends	10,540,876	9,203,145
Real estate income	<u>280,407</u>	<u>280,885</u>
	<u>54,976,473</u>	<u>(28,776,833)</u>
Less Investment Expense:		
Investment advisory fee	2,362,111	2,531,030
Custodian and bank fees	179,254	222,783
Foreign currency exchange loss	3,768	39,584
Securities lending expense	2,205,213	3,304,946
Real estate expense	<u>100,055</u>	<u>111,380</u>
	<u>4,850,401</u>	<u>6,209,723</u>
Net investment gain (loss)	<u>50,126,072</u>	<u>(34,986,556)</u>
Other Additions:		
Transfers from other systems - employee	-	168,594
Transfers from other systems - employer and interest	-	441,513
Miscellaneous income	-	<u>15,260</u>
	-	<u>625,367</u>
Total additions (deductions)	<u>100,307,860</u>	<u>(292,365)</u>
DEDUCTIONS:		
Retirement benefits paid	97,597,894	89,516,977
Refunds of contributions	2,420,242	1,992,256
Employer contribution refund	30,302,842	15,134,981
Administrative expenses (Page 68)	2,404,706	2,194,150
Depreciation expense	163,821	172,121
Transfer to other systems - employee	20,326	-
Transfer to other systems - employer and interest	<u>204,866</u>	<u>-</u>
Total deductions	<u>133,114,697</u>	<u>109,010,485</u>
NET DECREASE	<u>(32,806,837)</u>	<u>(109,302,850)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	<u>1,376,997,606</u>	<u>1,486,300,456</u>
END OF YEAR	<u>\$ 1,344,190,769</u>	<u>\$ 1,376,997,606</u>

See accompanying notes.

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

The State of Louisiana School Employees' Retirement System was established and provided for by R.S. 11:1001 of the Louisiana Revised Statutes (LRS). The Plan is administered by a board of trustees made up of ten members composed of the President of the Louisiana School Bus Operators' Association, the chairman of the House Retirement Committee, the chairman of the Senate Retirement Committee, the Secretary of State, the State Treasurer, a service retiree elected by the retirees of the Plan, and a resident of each of the four districts of the Retirement System elected by the members of the Retirement System for a term of four years each.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of State of Louisiana School Employees' Retirement System (Plan) are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor of the National Council on Governmental Accounting (NCGA).

In addition, these financial statements include the implementation of GASB Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and related standards. This new standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

Financial Reporting Entity

In June 1991, the Governmental Accounting Standards Board (GASB) issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability.

In determining financial accountability for legally separate organizations, the Plan considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens on, the Plan. The Plan also considered whether there are organizations that are fiscally dependent on it. There are no component units of the Plan.

The Plan is a component unit of the State of Louisiana and its financial statements are included in the financial statements of the State of Louisiana.

Basis of Accounting:

The financial statements are prepared using the accrual basis of accounting.

Employer and employee contributions are recognized in the period that the employee is compensated for services performed.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

Benefits and refunds paid are recognized when due and payable in accordance with the terms of the Plan.

Interest income is recognized when earned and dividends are recognized at the declaration date.

Expenditures are recognized in the period incurred.

Investments are reported at fair value. Changes in market value are reported as gains or losses in the year the change occurred. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The Plan reports securities lent through the securities lending program as assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Liabilities resulting from securities lending transactions are reported as well.

The Plan invests in S&P 500 Index futures. The changes in the market value of the contracts are reported as gains and losses in the period in which the change occurs.

The investment in real estate consists of the leasing of office space. The investment is valued at fair market value which is based upon appraised value.

Property and Equipment:

Land, building, equipment and furniture are carried at historical cost. Depreciation is computed by the straight-line method based upon useful lives of 40 years for the building and 3 to 10 years for equipment and furniture.

2. PLAN DESCRIPTION:

The State of Louisiana School Employees' Retirement System ("the Plan") is the administrator of a cost-sharing multiple-employer defined benefit pension plan and is a component unit of the State of Louisiana included in the State's CAFR as a Pension Trust Fund. The Plan was established and provided for by R.S.11:1001 of the Louisiana Revised Statutes (LRS). The accompanying statements present information only as to transactions of the program of the Plan as authorized by Louisiana Revised Statutes. For the year ended June 30, 2003, the local government contributors consisted of 67 school boards and 22 other agencies contributing to the Plan. For the year ended June 30, 2002, the local government contributors consisted of 66 school boards and 23 other agencies contributing to the Plan.

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

2. PLAN DESCRIPTION: (Continued)

The Plan provides retirement benefits to non-teacher school employees excluding those classified as lunch workers within the public school system of Louisiana. At June 30, 2003 and 2002 plan membership consisted of:

	<u>2003</u>	<u>2002</u>
Retirees and beneficiaries		
currently receiving benefits	10,068	9,702
Terminated employees entitled to benefits		
but not yet receiving them	61	63
Terminated vested employees who have not		
withdrawn contributions (DROP)	792	796
Fully vested, partially and		
nonvested active employees	<u>14,486</u>	<u>14,638</u>
 TOTAL PARTICIPANTS	 <u>25,407</u>	 <u>25,199</u>

Eligibility Requirements:

Benefit provisions are authorized under Louisiana Revised Statutes 11:1141 - 11:1153.

Membership is mandatory for all persons employed by a Louisiana Parish or City School Board or by the Lafourche Special Education District #1 who work more than twenty hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide, a monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of school children. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service.

All temporary, seasonal and part-time employees as defined in Federal Regulations 26 CFR 31:3121(b)(7)-2 are not eligible for membership in the Plan. Any part-time employee who works 20 hours or less per week and does not have at least 10 years of credited service will be refunded their contributions.

Benefits:

A member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60.

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

2. PLAN DESCRIPTION: (Continued)

Benefits: (Continued)

The maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, multiplied by the number of years of service limited to 100% of final average compensation, plus a supplementary allowance of \$2.00 per month for each year of service. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board.

Upon the death of a member with five or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from \$300 up to 75% of the member's average compensation for the three highest consecutive years of membership service.

Members of the Plan may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the system terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation of the Plan. The monthly retirement benefits that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The Plan maintains subaccounts within this account reflecting the credits attributed to each participant in the Plan. All amounts which remain credited to the individual's subaccount are credited with interest at the end of the fiscal year at a rate equal to the realized return of the Plan's portfolio for the Plan year less one-half of one percent.

Upon termination of participation in both the Plan and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

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

2. PLAN DESCRIPTION: (Continued)

Benefits: (Continued)

The Plan also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Effective January 1, 1996, the state legislature authorized the Plan to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with the DROP account, Louisiana Revised Statutes 11:1152(F)(3).

3. CONTRIBUTIONS AND RESERVES:

Contributions for plan members are established by state statute at 7.5% of their annual covered salary for the years ended June 30, 2003 and 2002. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The employer rate for the year ended June 30, 2003 was 11.2%.

Act 278 of the 1999 regular session provided for the establishment of an Employer Credit Account consisting of the accumulated excess employer contributions which exceeded the actuarially required employer rate. As of July 1, 2002, the account had a balance of \$36.3 million which was available to offset future required employer contributions. During the year the account funded the required employer contributions. Employer contributions were not collected from the school boards in the current year. As of June 30, 2003, the account had a balance of \$5.9 million.

Administrative costs are included in aggregate normal cost.

Reserves:

Use of the term "reserve" by the retirement system indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

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

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

A) Administrative:

The Administrative Fund Reserve provides for general and administrative expenses of the Plan and those expenses not funded through other specific legislative appropriations. Funding consists of transfers from the investment earnings and is made as needed. The Administrative Fund Reserve as of June 30, 2003 and 2002 is \$-0- and \$-0-, respectively. Any excess funds at year end are closed out to the Pension Accumulation Fund per Louisiana Statute.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Plan. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Survivor Benefit Reserve. When a member retires, the amount of his accumulated contributions is transferred to Pension Reserve to provide part of the benefits. The Annuity Savings as of June 30, 2003 and 2002 is \$142,839,419 and \$136,976,066, respectively. The Annuity Savings is fully funded.

C) Pension Accumulation Fund:

The Pension Accumulation Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Pension Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation Fund as of June 30, 2003 and 2002 is \$630,753,707 and \$555,501,854, respectively. The Pension Accumulation Fund is 38% funded at June 30, 2003 and 57% funded at June 30, 2002.

D) Pension Reserve and Survivors Benefit Reserve:

The Pension Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of active members receive benefits from the Survivors Benefit Reserve account. The Pension Reserve as of June 30, 2003 and 2002 is \$815,267,186 and \$757,256,289, respectively. The Survivors Benefit Reserve as of June 30, 2003 and 2002 is \$94,827,728 and \$87,986,179, respectively. Both Reserves are fully funded.

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

3. CONTRIBUTIONS AND RESERVES:(Continued)

Reserves: (Continued)

E) Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option as of June 30, 2003 and 2002 is \$46,726,125 and \$43,796,273, respectively. The Deferred Retirement Option account is fully funded.

F) Initial Benefit Retirement Plan Reserve:

The Initial Benefit Retirement Plan Reserve consists of the reserves for all participants who elect to take a lump sum benefit payment up front and subsequently receive a reduced monthly benefit. The maximum amount a member may receive up front is 36 months times the maximum benefit. The Initial Benefit Retirement Plan Reserve as of June 30, 2003 and 2002 is \$382,583 and \$555,241, respectively. The Initial Benefit Retirement Plan Reserve is fully funded.

G) Employer Credit Account:

Act 278 of the 1999 regular session provided for the establishment of an Employer Credit Account. The Employer Credit Account consists of the accumulated excess employer contributions which exceed the actuarially required employer rate and are available to offset future required employer contributions. Beginning July 1, 2002, the Employer Credit Account had a balance of \$36,384,255 which was available to offset future required employer contributions. During the year, the account funded \$30,302,842 of employer contributions. It decreased by interest in the amount of \$175,147. The balance as of June 30, 2003 in the amount of \$5,906,266 can be used to offset future contributions. The Employer Credit Account is fully funded.

4. ACTUARIAL COST METHOD:

The individual "Entry Age Normal" cost method was used to calculate the funding requirements of the Retirement System. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal cost is called the actuarial accrued liability.

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

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Following are the components of the Plan's deposits, cash equivalents and investments at June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Deposits (bank balance)	\$ 12,471,729	\$ 4,894,017
Cash equivalents	134,008,164	71,001,982
Investments	<u>1,407,623,236</u>	<u>1,471,476,911</u>
	<u>\$ 1,554,103,129</u>	<u>\$ 1,547,372,910</u>

Deposits:

The Plan's bank deposits were entirely covered by federal depository insurance and by pledged securities. The pledged securities were held at the Federal Reserve in joint custody.

Cash Equivalents:

For the years ending June 30, 2003 and 2002, cash equivalents in the amount of \$133,843,225 and \$70,877,097, respectively, consist of government pooled investments, commercial paper and a government agency note. The funds are managed and held by a separate money manager and are in the name of the Plan. For the years ending June 30, 2003 and 2002, cash equivalents in the amount of \$164,939 and \$124,885, respectively, consist of a U. S. Treasury Bill managed by a separate money manager, and held by the Plan's custodian, and are in the name of the Plan.

Investments:

In accordance with LRS 11:263, the Plan is authorized to invest under the Prudent-Man Rule. The Prudent-Man Rule means that, in investing, the governing authorities of the Plan "shall exercise the judgment and care under the circumstances then prevailing that 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." Notwithstanding the Prudent-Man Rule, the Plan shall not invest more than sixty-five percent of the total portfolio in equity investments. However, the Plan's internal investment policy limits the portion of the portfolio that can be invested in equities to fifty percent.

The Plan's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which securities are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's

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

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments: (Continued)

trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Plan's name.

	<u>2003</u>	
	<u>Market Value</u>	<u>Category</u>
U.S. Government and Government Agency Securities	\$ 28,314,946	1
Corporate bonds	119,896,512	1
Mortgage backed securities	194,257,872	1
Collateralized mortgage obligations	38,733,594	1
Other bonds	24,133,493	1
Marketable securities - domestic	502,219,058	1
Marketable securities - foreign	71,259,936	1
Real estate held for investment	1,700,000	N/A
Investments held by broker-dealers in which collateral may be reinvested:		
U.S. Government Securities	65,815,592	N/A
Corporate bonds	47,434,901	N/A
Marketable securities - domestic	81,111,178	N/A
Marketable securities - foreign	10,288,486	N/A
Investments held by broker-dealers in which collateral may not be reinvested:		
U.S. Government Securities	3,480,705	1
Corporate bonds	7,160,456	1
Marketable securities - domestic	1,306,938	1
Collateral held under securities lending program - short term investment pool	<u>210,509,569</u>	N/A
TOTAL	<u>\$ 1,407,623,236</u>	

	<u>2002</u>	
	<u>Market Value</u>	<u>Category</u>
U.S. Government and Government Agency Securities	\$ 3,022,234	1
Corporate bonds	192,449,168	1
Mortgage backed securities	283,668,933	1

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

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments: (Continued)

	<u>2002</u>	
	<u>Market Value</u>	<u>Category</u>
Collateralized mortgage obligations	33,854,817	1
Other bonds	67,954,442	1
Marketable securities - domestic	478,836,606	1
Marketable securities - foreign	78,326,887	1
Real estate held for investment	3,292,010	N/A
Investments held by broker-dealers in which collateral may be reinvested:		
U.S. Government Securities	72,472,340	N/A
Corporate bonds	16,509,199	N/A
Marketable securities - domestic	60,002,762	N/A
Marketable securities - foreign	11,409,433	N/A
Investments held by broker-dealers in which collateral may not be reinvested:		
U.S. Government Securities	2,668,813	1
Marketable securities - domestic	1,732,974	1
Collateral held under securities lending program - short term investment pool	<u>165,276,293</u>	N/A
TOTAL	<u>\$1,471,476,911</u>	

There were no investments in any one organization which represented 5% of plan net assets at June 30, 2003 and 2002.

6. SECURITY LENDING TRANSACTIONS:

State statutes and Board of Trustees' policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan entered into a contract with a company which acts as their third-party securities lending agent. The lending agent has access to the Plan's lendable portfolio or available assets. The agent lends available assets such as U.S. and non U.S. equities, corporate bonds, and non-U.S. government securities. Securities are loaned versus collateral that may include cash, U.S. Government securities, and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the Plan has no credit risk exposure to borrowers

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

6. SECURITY LENDING TRANSACTIONS: (Continued)

because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The contract with the Plan's agent requires it to provide borrower identification. The custodian's responsibility includes performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

All security loans can be terminated on demand by either the Plan or the borrower, although the average term of a loan is 26 days. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted-average maturity of thirty-eight days. Cash collateral may also be invested separately in "term loans", in which the investments match the loan term. These loans can be terminated on demand by either lender or borrower. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan cannot pledge or sell collateral securities received unless the borrower defaults. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses are known to the securities lending agent.

The Plan has the following securities on loan:

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
	Market	Market
	<u>(Carrying Value)</u>	<u>(Carrying Value)</u>
U. S. Government Securities	\$ 69,296,297	\$ 75,141,153
Corporate bonds	54,595,357	16,509,199
Marketable Securities – domestics	82,418,116	61,735,736
Marketable Securities – foreign	<u>10,288,486</u>	<u>11,409,433</u>
	<u>\$ 216,598,256</u>	<u>\$ 164,795,521</u>

Securities on loan at June 30, 2003 and 2002, for which the Plan received cash collateral, are presented as unclassified under footnote 5. Securities on loan as of June 30, 2003 and 2002, for which the Plan received noncash collateral are presented as classified under footnote 5.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral at June 30, 2003 and 2002. Such matching did exist since loans may be terminated on demand.

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

7. FUTURES:

The Plan has entered into futures contracts for the purpose of maintaining market exposure for excess cash. At June 30, 2003 and 2002, the Plan had four and four outstanding S&P future contracts, respectively. The notional value of the open contracts at June 30, 2003 and 2002 was \$999,325 and \$1,023,800, respectively. The fair value of the open contracts at June 30, 2003 and 2002 was \$973,300 and \$969,600, respectively.

The Plan is exposed to credit loss in the event of nonperformance by the other parties to the futures contracts. However, the Plan does not anticipate nonperformance by the counterparties. The Plan is exposed to market risk as a result of possible future changes in market prices. The maximum amount of credit or market risk to the Plan is the notional value of the contracts. During the year ended June 30, 2003 and 2002, the Plan realized net losses of \$5,027 and \$142,792, respectively, on futures trading. The net losses are recorded on the financial statements in net depreciation in fair value income.

8. PER DIEM PAID TO BOARD MEMBERS

Per diem paid to board members, as presented in Page 28, was established at \$75.00 per day in accordance with Louisiana Revised Statute 42:700.2.

9. PROPERTY AND EQUIPMENT:

Changes in property and equipment are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Building	\$ 3,553,274	\$ --	\$ --	\$ 3,553,274
Land	976,558	--	--	976,558
Furniture and equipment	909,967	20,712	--	930,679
Accumulated depreciation	<u>(1,314,444)</u>	<u>--</u>	<u>(163,821)</u>	<u>(1,478,265)</u>
	<u>\$ 4,125,355</u>	<u>\$ 20,712</u>	<u>\$(163,821)</u>	<u>\$ 3,982,246</u>

Depreciation expense for the years ended June 30, 2003 and 2002 was \$163,821 and \$172,121, respectively.

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

10. SUPPLEMENTARY INFORMATION:

In accordance with GASB 25, required supplementary information can be found in the attached schedules on pages 23 through 25.

11. TAX QUALIFICATION:

The Plan is a Tax Qualified Plan Under IRS Code Section 401(a).

12. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

13. OPERATING LEASES:

The Plan leases office space recorded as real estate held for investment under an operating lease expiring October 31, 2005.

Minimum future rentals to be received on operating leases for each of the next 3 years and in the aggregate are:

<u>JUNE 30</u>	
2004	\$ 280,313
2005	280,313
2006	<u>93,441</u>
	<u>\$ 654,067</u>

The lease may be terminated under various circumstances by both parties.

SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 (DOLLAR AMOUNTS IN THOUSANDS)
JUNE 30, 1998 THROUGH 2003

<u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	(Surplus) Underfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>(b-a/c)</u>
1998	\$1,344,550	\$1,142,252	\$ (202,297)	117.7%	\$225,734	.- %
1999	1,464,041*	1,213,230	(250,811)	120.7	236,001	.-
2000	1,556,270*	1,291,823	(264,447)	120.5	241,128	.-
2001	1,516,236*	1,472,423	(43,813)	103.0	249,674	.-
2002	1,433,859*	1,582,071	148,212	90.6	258,876	57.3
2003	1,369,601*	1,730,796	361,195	79.1	268,656	134.4

* The actuarial value of assets are reduced by the employer credit account.

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 1998 THROUGH 2003

Year Ended <u>June 30</u>	Actuarially Required <u>Contribution</u>	Percentage <u>Contributed</u>
1998	\$ 9,644,559	140.3%
1999	5,050,989	282.3
2000	3,982,375	101.64
2001	3,782,309	111.05
2002	17,784,367	85.29
2003	28,989,602	101.11

The actuarially required contribution differs significantly from actual contributions made due to the Plan's requirement to contribute the greater of the actuarially required amount or the contribution percentage required by the Louisiana Constitution in the amount of 6%. The statutory rate has been higher than the actuarially required rate for the years 1998-2001. Beginning July 1, 1999, the excess contributions collected is added to the employer credit account. The employer credit account was used to fund the actuarially required employer contributions.

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO SCHEDULE OF FUNDING PROGRESS AND
 SCHEDULE OF CONTRIBUTIONS
JUNE 30, 1998 THROUGH 2003

The information presented in the required supplementary schedules was determined from the actuarial valuations at the dates indicated. Additional information as of actuarial valuation date of June 30, 2003 follows:

Valuation date	June 30, 2003
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Projected Payroll, the amortization period is for a specified number of years (closed basis)
Remaining amortization period	26 years
Asset valuation method	The Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average in the unrealized gain or loss in the value of all assets.
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	The rate of annual salary growth is based on the members' years of service.
Cost of living adjustments	The liability for cost of living raises already granted is included in the retiree reserve. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of benefit increases.
Change in actuarial assumptions	A five-year experience study was conducted which indicated that due to changes in demographic and benefit structure, various patterns had changed within the System necessitating changes in the actuarial assumptions regarding mortality, termination, disability, retirement, DROP participation and salary growth rates. This actuarial assumption change resulted in an increase in the actuarial liability of \$77,191,835.

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

	<u>Pension Reserve</u>	<u>Survivor Benefit</u>	<u>Annuity Savings</u>	<u>DROP</u>
BALANCES, JULY 1, 2002,				
as previously reported	\$ 757,256,289	\$ 87,986,179	\$ 136,976,066	\$ 43,796,273
Prior period adjustment	-	-	-	-
BALANCES, JULY 1, 2002, as restated	<u>757,256,289</u>	<u>87,986,179</u>	<u>136,976,066</u>	<u>43,796,273</u>
REVENUES AND TRANSFERS:				
Contributions:				
Members	-	-	19,820,210	-
Employers	-	-	-	-
Investment income (loss) and other sources	-	-	-	-
Transfers from Annuity Savings	11,516,289	-	-	-
Pensions transferred from				
Pension Reserve	-	101,244	-	11,611,695
Transfers from other systems	-	-	-	-
Operating transfers	-	-	-	-
Transfer from Pension Accumulation	-	-	-	-
Actuarial transfers	144,458,201	9,233,044	-	-
Total revenues	<u>155,974,490</u>	<u>9,334,288</u>	<u>19,820,210</u>	<u>11,611,695</u>
EXPENDITURES AND TRANSFERS:				
Retirement allowances paid	85,857,409	2,492,739	-	8,681,843
Refunds to members	-	-	2,420,242	-
Transfers to Pension Reserve	-	-	11,516,289	-
Pensions transferred to				
Survivor Benefit	101,244	-	-	-
Pensions transferred to DROP	11,611,695	-	-	-
Pensions transferred to IBRP	393,245	-	-	-
Employer contribution refund	-	-	-	-
Transfers to other systems	-	-	20,326	-
Depreciation	-	-	-	-
Administrative expenses	-	-	-	-
Operating transfers	-	-	-	-
Transfer to Administration Fund	-	-	-	-
Actuarial transfer	-	-	-	-
Total expenditures	<u>97,963,593</u>	<u>2,492,739</u>	<u>13,956,857</u>	<u>8,681,843</u>
NET INCREASE (DECREASE)	<u>58,010,897</u>	<u>6,841,549</u>	<u>5,863,353</u>	<u>2,929,852</u>
BALANCES - JUNE 30, 2003	<u>\$ 815,267,186</u>	<u>\$ 94,827,728</u>	<u>\$ 142,839,419</u>	<u>\$ 46,726,125</u>

<u>IBRP</u>	<u>Pension Accumulation</u>	<u>Administrative Fund</u>	<u>Employer Credit Account</u>	<u>Surplus (Unfunded) Actuarial Liability</u>	<u>Total</u>
\$ 555,241	\$ 555,501,854	\$ -	\$ 39,183,844	\$ (244,258,140)	\$ 1,376,997,606
-	-	-	(2,799,589)	2,799,589	-
<u>555,241</u>	<u>555,501,854</u>	<u>-</u>	<u>36,384,255</u>	<u>(241,458,551)</u>	<u>1,376,997,606</u>
-	-	-	-	-	19,820,210
-	30,361,578	-	-	-	30,361,578
-	50,301,219	-	(175,147)	-	50,126,072
-	-	-	-	-	11,516,289
393,245	-	-	-	-	12,106,184
-	-	-	-	-	-
-	-	2,404,706	-	-	2,404,706
-	-	-	-	-	-
-	-	-	-	-	153,691,245
<u>393,245</u>	<u>80,662,797</u>	<u>2,404,706</u>	<u>(175,147)</u>	<u>-</u>	<u>280,026,284</u>
565,903	-	-	-	-	97,597,894
-	-	-	-	-	2,420,242
-	-	-	-	-	11,516,289
-	-	-	-	-	101,244
-	-	-	-	-	11,611,695
-	-	-	-	-	393,245
-	-	-	30,302,842	-	30,302,842
-	204,866	-	-	-	225,192
-	163,821	-	-	-	163,821
-	-	2,404,706	-	-	2,404,706
-	2,404,706	-	-	-	2,404,706
-	-	-	-	-	-
-	2,637,551	-	-	151,053,694	153,691,245
<u>565,903</u>	<u>5,410,944</u>	<u>2,404,706</u>	<u>30,302,842</u>	<u>151,053,694</u>	<u>312,833,121</u>
<u>(172,658)</u>	<u>75,251,853</u>	<u>-</u>	<u>(30,477,989)</u>	<u>(151,053,694)</u>	<u>(32,806,837)</u>
\$ <u>382,583</u>	\$ <u>630,753,707</u>	\$ <u>-</u>	\$ <u>5,906,266</u>	\$ <u>(392,512,245)</u>	\$ <u>1,344,190,769</u>

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

	<u>Pension Reserve</u>	<u>Survivor Benefit</u>	<u>Annuity Savings</u>	<u>DROP</u>
BALANCES, JULY 1, 2001	\$ <u>675,991,389</u>	\$ <u>80,592,831</u>	\$ <u>132,821,805</u>	\$ <u>39,067,044</u>
REVENUES AND TRANSFERS:				
Contributions				
Members	-	-	18,827,944	-
Employers	-	-	-	-
Investment income (loss) and other sources	-	-	-	-
Transfers from Annuity Savings	12,850,021	-	-	-
Pensions transferred from				
Pension Reserve	-	291,703	-	10,922,070
Transfers from other systems	-	-	168,594	-
Operating transfers	-	-	-	-
Transfer from Pension Accumulation	-	-	-	-
Actuarial transfers	<u>160,638,657</u>	<u>9,488,580</u>	-	-
Total revenues	<u>173,488,678</u>	<u>9,780,283</u>	<u>18,996,538</u>	<u>10,922,070</u>
EXPENDITURES AND TRANSFERS:				
Retirement allowances paid	80,511,687	2,386,935	-	6,192,841
Refunds to members	-	-	1,992,256	-
Transfers to Pension Reserve	-	-	12,850,021	-
Pensions transferred to				
Survivor Benefit	291,703	-	-	-
Pensions transferred to DROP	10,922,070	-	-	-
Pensions transferred to Option 5	498,318	-	-	-
Employer contribution refund	-	-	-	-
Transfers to other systems	-	-	-	-
Depreciation	-	-	-	-
Administrative expenses	-	-	-	-
Operating transfers	-	-	-	-
Transfer to Administration Fund	-	-	-	-
Actuarial transfer	-	-	-	-
Total expenditures	<u>92,223,778</u>	<u>2,386,935</u>	<u>14,842,277</u>	<u>6,192,841</u>
NET INCREASE (DECREASE)	<u>81,264,900</u>	<u>7,393,348</u>	<u>4,154,261</u>	<u>4,729,229</u>
BALANCES - JUNE 30, 2002	\$ <u><u>757,256,289</u></u>	\$ <u><u>87,986,179</u></u>	\$ <u><u>136,976,066</u></u>	\$ <u><u>43,796,273</u></u>

<u>IBRP</u>	<u>Pension Accumulation</u>	<u>Administrative Fund</u>	<u>Employer Credit Account</u>	<u>Surplus (Unfunded) Actuarial Liability</u>	<u>Total</u>
\$ <u>482,437</u>	\$ <u>543,467,051</u>	\$ <u>-</u>	\$ <u>55,565,376</u>	\$ <u>(41,687,477)</u>	\$ <u>1,486,300,456</u>
-	-	-	-	-	18,827,944
-	15,240,880	-	-	-	15,240,880
-	(33,724,745)	-	(1,246,551)	-	(34,971,296)
-	-	-	-	-	12,850,021
498,318	-	-	-	-	11,712,091
-	441,513	-	-	-	610,107
-	-	2,178,127	-	-	2,178,127
-	-	16,023	-	-	16,023
-	32,443,426	-	-	-	202,570,663
<u>498,318</u>	<u>14,401,074</u>	<u>2,194,150</u>	<u>(1,246,551)</u>	<u>-</u>	<u>229,034,560</u>
425,514	-	-	-	-	89,516,977
-	-	-	-	-	1,992,256
-	-	-	-	-	12,850,021
-	-	-	-	-	291,703
-	-	-	-	-	10,922,070
-	-	-	-	-	498,318
-	-	-	15,134,981	-	15,134,981
-	-	-	-	-	-
-	172,121	-	-	-	172,121
-	-	2,194,150	-	-	2,194,150
-	2,178,127	-	-	-	2,178,127
-	16,023	-	-	-	16,023
-	-	-	-	202,570,663	202,570,663
<u>425,514</u>	<u>2,366,271</u>	<u>2,194,150</u>	<u>15,134,981</u>	<u>202,570,663</u>	<u>338,337,410</u>
<u>72,804</u>	<u>12,034,803</u>	<u>-</u>	<u>(16,381,532)</u>	<u>(202,570,663)</u>	<u>(109,302,850)</u>
\$ <u>555,241</u>	\$ <u>555,501,854</u>	\$ <u>-</u>	\$ <u>39,183,844</u>	\$ <u>(244,258,140)</u>	\$ <u>1,376,997,606</u>

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

<u>TRUSTEE</u>	NUMBER OF <u>MEETINGS</u>	<u>JUNE 30, 2003</u>		<u>TOTAL</u>
		<u>AMOUNTS</u>		
		<u>MEETINGS</u>	<u>TRAVEL</u>	
Jeffrey Faulk	16	\$ 1,200	\$ 696	\$ 1,896
Betty Crain	16	1,200	1,095	2,295
Betty Jacobs	16	1,200	--	1,200
Sylvia Myers	12	900	820	1,720
Joe Seymour	16	1,200	1,628	2,828
Boyd Zitzmann	16	1,200	1,360	2,560
Larry Wilmer	13	<u>975</u>	<u>935</u>	<u>1,910</u>
 TOTALS		 <u>\$ 7,875</u>	 <u>\$ 6,534</u>	 <u>\$14,409</u>

<u>TRUSTEE</u>	NUMBER OF <u>MEETINGS</u>	<u>JUNE 30, 2002</u>		<u>TOTAL</u>
		<u>AMOUNTS</u>		
		<u>MEETINGS</u>	<u>TRAVEL</u>	
Jeffrey Faulk	8	\$ 600	\$ 372	\$ 972
Betty Crain	15	1,125	1,031	2,156
Betty Jacobs	15	1,125	--	1,125
Sylvia Myers	9	675	964	1,639
Joe Seymour	15	1,125	1,748	2,873
Boyd Zitzmann	15	1,125	1,523	2,648
Larry Wilmer	14	<u>1,050</u>	<u>1,000</u>	<u>2,050</u>
 TOTALS		 <u>\$6,825</u>	 <u>\$6,638</u>	 <u>\$13,463</u>

The Board holds regular two-day meetings each quarter, and one-day Investment Committee meetings during the months those regular meetings are not held.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF U.S. GOVERNMENT OBLIGATIONS
JUNE 30, 2003

<u>U.S. Government Obligations</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
U S Treasury Bonds	8.875	02/15/19	\$ 1,690,000	\$ 2,588,337
U S Treasury Bonds	7.875	02/15/21	3,775,000	5,389,983
U S Treasury Notes	8.000	11/15/21	1,840,000	2,665,700
U S Treasury Bonds	6.000	02/15/26	11,360,000	13,578,722
U S Treasury Notes	5.375	02/15/31	7,115,000	8,011,063
U S Treasury Notes	4.625	05/15/06	8,900,000	9,648,134
U S Treasury Notes	5.000	08/15/11	175,000	196,329
U S Treasury Notes	6.500	10/15/06	1,850,000	2,125,761
U S Treasury Notes	1.625	03/31/05	5,015,000	5,049,503
U S Treasury Notes	1.625	04/30/05	16,750,000	16,859,880
U S Treasury Notes	2.000	05/15/06	4,975,000	5,027,884
U S Treasury Notes	2.625	05/15/08	9,685,000	9,772,746
U S Treasury Notes	3.625	05/15/13	15,715,000	15,837,734
U S Treasury Notes	1.250	05/31/05	860,000	<u>859,467</u>
TOTAL U.S. GOVERNMENT OBLIGATIONS				\$ <u>97,611,243</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2003

	Interest			
	<u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
CORPORATE BONDS:				
AT&T Wireless Svcs Inc	7.875	03/01/11	\$ 500,000	\$ 590,510
Allstate Corp	6.125	02/15/12	6,000,000	6,811,320
American Electric Power	5.250	06/01/15	930,000	937,338
Aon Capital Trust A	8.205	01/01/27	695,000	811,760
Santander Cent Hisp	7.625	09/14/10	855,000	1,060,072
Bank Of America	4.875	01/15/13	5,000,000	5,274,500
Bard C R Inc	6.700	12/01/26	4,500,000	5,049,810
Bear Stearns Co	4.650	07/02/18	1,100,000	1,070,762
Boeing Co	7.950	08/15/24	3,300,000	4,171,299
Cit Group Inc	6.500	02/07/06	6,000,000	6,558,000
Citigroup Inc	7.250	10/01/10	1,000,000	1,211,620
Citizens Communications	9.000	08/15/31	1,000,000	1,347,380
Coca-Cola Enterprises	6.950	11/15/26	1,000,000	1,204,300
Comcast Corp	7.050	03/15/33	1,000,000	1,110,650
Comcast Corp	5.300	01/15/14	335,000	344,527
Commonwealth Edison	5.875	02/01/33	575,000	608,747
Conocophillips	4.750	10/15/12	6,000,000	6,340,980
Daimlerchrysler Na Hldg	7.200	09/01/09	315,000	358,054
John Deere Capital Corp	3.900	01/15/08	5,000,000	5,194,500
Delta Air Lines	2.070	01/25/08	1,975,799	1,975,799
Diageo Capital Plc	4.850	05/15/18	1,115,000	1,151,371
EOP Operating Lp	5.875	01/15/13	1,265,000	1,363,834
ERP Operating	7.100	06/23/04	1,380,000	1,449,842
Ford Motor Company Global Landmark Secs	7.450	07/16/31	1,680,000	1,538,981
Ford Motor Credit Co	6.875	02/01/06	5,000,000	5,303,000
France Telecom	9.250	03/01/11	685,000	862,114
General Dynamics Corp	4.250	05/15/13	1,035,000	1,039,927
General Electric Capital Corp	5.375	03/15/07	1,415,000	1,557,222
General Electric Capital Corp	6.000	06/15/12	6,440,000	7,269,279
General Motors Acceptance Corporation	6.625	10/15/05	3,000,000	3,200,730
General Motors Acceptance Corporation	6.875	08/28/12	1,185,000	1,182,227
Global Marine Inc	7.125	09/01/07	5,000,000	5,712,500
Goldman Sachs Group Inc	7.350	10/01/09	1,000,000	1,216,850
Goldman Sachs Group Inc	6.600	01/15/12	1,030,000	1,196,839
HSBC Holdings	5.250	12/12/12	1,095,000	1,167,839
Household Finance Corporation Nt	6.400	06/17/08	10,000,000	11,415,200
IBM Corp	4.750	11/29/12	6,000,000	6,306,420
Intl Paper Company	6.750	09/01/11	1,225,000	1,416,860
Kinder Morgan Inc	6.500	09/01/12	1,120,000	1,283,856

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2003

	Interest			
	<u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
CORPORATE BONDS: (Continued)				
Lehman Brothers Holdings	4.000	01/22/08	6,000,000	6,253,200
Liberty Media Corporation	7.875	07/15/09	2,000,000	2,342,900
Lockheed Martin Corp	7.200	05/01/36	3,000,000	3,655,800
Marathon Oil Corp	6.125	03/15/12	5,000,000	5,606,100
Marsh & McLennan Cos Inc	4.850	02/15/13	3,000,000	3,120,870
May Department Stores Co	6.900	01/15/32	1,060,000	1,179,303
Morgan Stanley	6.750	04/15/11	1,030,000	1,204,770
New Jersey Bell Telephone	7.850	11/15/29	1,000,000	1,283,580
PHH Corp	7.125	03/01/13	360,000	408,557
Peco Energy Trst Iv	5.750	06/15/33	7,045,000	6,710,151
PSEG Energy Holdings	8.625	02/15/08	1,400,000	1,505,000
Penney Co Inc	7.600	04/01/07	725,000	761,250
Philip Morris	7.650	07/01/08	710,000	793,489
Prudential Financial Inc	4.500	07/15/13	950,000	948,395
QBE Insurance Group Ltd	5.647	07/01/23	1,030,000	1,000,707
RBS Capital Trust 1	4.709	12/29/49	1,270,000	1,270,902
Sears Roebuck & Co	7.000	02/01/11	5,000,000	5,796,750
Sprint Capital Corporation	6.875	11/15/28	1,000,000	1,003,230
Sprint Capital Corporation	7.625	01/30/11	705,000	804,722
TPSA Finance Bv	7.750	12/10/08	675,000	772,686
Timco Aviation Srvcs Inc	8.000	01/02/07	578	58
USA Networks Inc	6.750	11/15/05	520,000	566,899
US Bank	4.800	04/15/15	1,135,000	1,170,594
Union Pacific Resources	6.750	05/15/08	1,000,000	1,160,230
US Bancorp	1.269	09/16/05	1,100,000	1,100,539
Valero Energy Corp	6.875	04/15/12	425,000	481,767
Virginia Electric & Power Co	8.625	10/01/24	3,500,000	3,897,845
Wachovia Bank Na	4.850	07/30/07	6,000,000	6,483,300
Waste Management Inc	6.375	11/15/12	700,000	795,928
Weyerhaeuser Company	7.500	03/01/13	3,000,000	3,596,010
Weyerhaeuser Company	7.375	03/15/32	1,000,000	1,149,520
				<hr/>
TOTAL CORPORATE BONDS				174,491,869

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2003

	Interest <u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
PRIVATE PLACEMENTS:				
Bnp Paribas Llc	5.125	01/15/15	1,720,000	1,807,961
Cnooc Finance 2003 Ltd	5.500	05/21/33	335,000	326,823
Centerpoint Ener Resources	7.875	04/01/13	1,025,000	1,178,996
Hutchison Whamp Intl Ltd	6.500	02/13/13	1,735,000	1,820,258
Israel Electric Corp	7.750	03/01/09	1,325,000	1,469,902
Manor Care Inc	6.250	05/01/13	1,000,000	1,035,000
Ohio Power Company	5.500	02/15/13	2,125,000	2,284,141
Pemex Proj Fdg Master Tr	7.375	12/15/14	1,805,000	1,976,475
Qantas Airways	5.125	06/20/13	3,035,000	2,975,848
Rogers Cable Inc	6.250	06/15/13	250,000	249,375
Sealed Air Corp	5.375	04/15/08	1,715,000	1,799,875
Telekom Malaysia	7.875	08/01/25	470,000	531,377
Wmc Finance	5.125	05/15/13	275,000	283,907
TOTAL PRIVATE PLACEMENTS				<u>17,739,938</u>
TRUST CAPITAL SECURITIES:				
Farmers Exchange Capital (144A)	7.050	07/15/28	675,000	606,670
TOTAL TRUST CAPITAL SECURITIES				<u>606,670</u>
YANKEE BONDS:				
Husky Energy Inc	6.250	06/15/12	505,000	567,524
Petro Canada	5.350	07/15/33	705,000	673,888
Royal Bk Of Scot Grp	7.375	04/01/49	700,000	786,261
Telus Corporation	8.000	06/01/11	1,345,000	1,553,475
Tyco International Ltd	6.375	10/15/11	275,000	290,125
Vodafone Group Plc	4.625	07/15/18	1,975,000	1,915,612
TOTAL YANKEE BONDS				<u>5,786,885</u>
COLLATERALIZED MORTGAGE OBLIGATIONS:				
Chase Commercial Mortgage Sec	7.543	07/15/32	2,546,089	2,887,622
Contimortgage Home Equity Loan Trust	6.480	07/25/23	92,248	92,248
FHLMC Remic 2143	6.000	12/15/24	4,525,000	4,577,626
FNMA Remic G92 - 53 J	7.000	09/25/22	978,496	1,057,031
FNMA Remic 1993-194E	5.700	06/25/08	101,772	101,839
FNMA Remic 1997-1B	6.500	02/18/04	145,467	147,467
FNMA 1999-41	6.500	06/25/12	4,935,945	4,997,497

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2003

	Interest <u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
COLLATERALIZED MORTGAGE OBLIGATIONS: (Continued)				
FNMA 2002-T19	6.500	07/01/42	3,096,031	3,334,982
FNMA 2003-W3	6.500	08/25/42	3,127,748	3,369,148
First Union-Leahman Brothers-K Of Amer	6.560	11/18/35	8,715,000	10,030,965
Green Tree Financial Corp	6.900	07/15/18	656,185	678,575
Lehman Bros Commercial Conduit Mtg Trust	6.210	10/15/35	3,025,000	3,427,779
Morgan Stanley Dean Witter Capital I	5.980	01/15/39	3,180,000	3,617,282
Salomon Brothers Mortgage Se2001-Cpb1	6.592	12/25/30	410,143	413,535
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS				38,733,594
FEDERAL HOME LOAN MORTGAGE CORPORATION:				
FGLMC GOLD GO0432	8.000	01/01/26	387,266	418,839
FGLMC GOLD G01433	6.500	07/01/32	13,688,405	14,244,812
FGLMC GOLD C78238	5.500	04/01/33	9,957,041	10,286,280
FGLMC GOLD D88187	7.000	04/15/28	853,286	896,620
FGLMC GOLD D88413	7.000	04/15/28	743,844	781,156
FGLMC GOLD E73765	6.000	12/15/13	1,941,238	2,023,492
FGLMC GOLD C00844	7.000	08/15/29	998,920	1,047,790
FGLMC GOLD C00690	6.000	12/01/28	2,924,405	3,036,223
FGLMC GOLD C20133	7.000	01/15/29	696,643	731,586
FGLMC GOLD C80437	9.000	07/15/26	80,131	88,436
TOTAL FEDERAL HOME LOAN MORTGAGE CORPORATION				33,555,234
FEDERAL NATIONAL MORTGAGE ASSOCIATION:				
FNMA 250200	9.000	01/01/25	43,856	48,584
FNMA 250030	7.000	05/01/24	656,932	694,714
FNMA 251901	6.500	08/01/13	796,809	841,256
FNMA 254007	6.500	10/01/31	13,605,775	14,188,470
FNMA 254240	7.000	03/01/32	4,910,669	5,171,410
FNMA 254478	6.000	10/01/32	4,343,838	4,515,863
FNMA 296823	9.000	12/01/24	20,907	23,160
FNMA 297999	9.000	11/01/24	244,421	270,768
FNMA 299371	9.000	12/01/24	63,918	70,809
FNMA 300178	9.000	12/01/24	63,105	69,908
FNMA 303909	7.000	05/01/26	1,235,191	1,307,649
FNMA 303890	7.000	05/01/26	1,362,099	1,438,495
FNMA 303945	7.000	12/01/10	916,549	976,472
FNMA 382969	7.010	12/01/10	976,281	1,170,682

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2003

	<u>Interest</u> <u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
FEDERAL NATIONAL MORTGAGE ASSOCIATION: (Continued)				
FNMA 383159	6.250	02/01/11	2,500,000	2,903,928
FNMA 383632	6.305	05/01/11	1,224,063	1,425,911
FNMA 384781	5.950	03/01/12	1,293,128	1,477,467
FNMA 385377	5.470	08/01/12	1,000,000	1,103,111
FNMA 408933	6.500	07/01/13	331,348	349,830
FNMA 433213	6.500	07/01/13	675,040	712,695
FNMA 434075	6.500	07/01/13	625,357	660,240
FNMA 449149	6.000	12/01/28	2,308,706	2,403,568
FNMA 481539	6.000	01/01/29	1,379,590	1,436,276
FNMA 535126	6.000	12/01/28	2,650,284	2,759,182
FNMA 535838	6.500	04/01/31	2,077,121	2,166,433
FNMA 545259	7.500	12/01/29	3,359,288	3,573,285
FNMA 552715	7.500	10/01/30	428,420	455,182
FNMA 596449	6.500	06/01/31	2,587,866	2,698,696
FNMA 602064	7.000	09/01/31	2,300,575	2,422,730
FNMA 613152	6.500	11/01/31	4,327,183	4,512,504
FNMA 628038	6.500	02/01/32	3,229,765	3,368,103
FNMA 631381	6.500	03/01/32	2,468,134	2,573,837
FNMA 631382	7.000	03/01/32	2,160,979	2,275,721
FNMA 660229	6.000	09/01/32	13,154,949	13,675,912
FNMA 689634	6.000	02/01/33	4,358,742	4,531,357
TOTAL FEDERAL NATIONAL MORTGAGE ASSOCIATION				88,274,206
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION:				
GNMA 371693	7.000	03/15/24	1,208,314	1,284,427
GNMA 392903	9.000	01/15/25	169,675	188,136
GNMA 408175	7.000	12/15/25	119,718	127,060
GNMA 408844	7.000	11/15/25	212,729	225,774
GNMA 423825	8.000	06/15/26	271,605	294,435
GNMA 426366	7.000	01/15/26	226,737	240,213
GNMA 426408	7.000	02/15/26	273,420	289,670
GNMA 429363	6.500	03/15/26	1,476,735	1,554,222
GNMA 434789	8.500	06/15/30	1,436,853	1,548,263
GNMA 446690	7.000	09/15/28	1,396,039	1,476,686
GNMA 456641	7.000	08/15/28	1,221,710	1,292,286
GNMA 456786	7.000	04/15/28	1,904,680	2,014,709
GNMA 460758	7.000	02/15/28	659,330	697,418

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2003

	Interest <u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
GOVERNMENT NATIONAL				
MORTGAGE ASSOCIATION: (Continued)				
GNMA 462543	7.000	02/15/28	609,235	644,429
GNMA 462554	7.000	02/15/28	348,764	368,911
GNMA 465526	6.500	05/15/28	1,416,446	1,489,541
GNMA 468232	7.000	09/15/28	1,645,137	1,740,173
GNMA 486877	6.000	01/15/29	8,158,336	8,563,576
GNMA 196068	8.000	04/15/17	82,315	90,011
GNMA 201202	9.000	01/15/17	28,493	31,773
GNMA 238006	8.000	02/15/18	201,094	219,806
GNMA 231923	8.000	07/15/17	35,619	38,949
GNMA 293329	9.500	08/15/20	8,386	9,455
GNMA 293326	9.000	08/15/20	13,198	14,717
GNMA 288373	9.000	05/15/20	18,576	20,715
GNMA 291014	9.500	08/15/20	20,084	22,644
GNMA 306559	8.500	01/15/22	422,298	461,980
GNMA 319273	8.500	11/15/21	522,110	571,602
GNMA 780601	7.000	07/15/27	438,066	463,731
GNMA 781096	6.500	12/15/28	4,284,933	4,506,341
GNMA 781288	6.500	05/15/31	2,577,070	2,708,791
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION				<u>33,200,445</u>
OTHER ASSET BACKED SECURITIES:				
Arcadia Automobile Receivable	6.510	09/15/04	385,324	386,592
Asset Securitization Corporation	7.400	10/13/26	3,450,000	3,924,858
Morgan Stanley Capital I	6.590	10/03/30	671,418	699,194
Residential Accredit Loans Inc	6.250	03/25/14	2,330,885	2,386,290
TOTAL OTHER ASSET BACKED SECURITIES				<u>7,396,934</u>
PRIVATE MORTGAGE BACKED SECURITIES:				
FFCA Secured Lending Corporat Priv Mbs	7.270	09/18/27	1,095,008	1,142,627
TOTAL PRIVATE MORTGAGE BACKED SECURITIES				<u>1,142,627</u>

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF BONDS
JUNE 30, 2003

	<u>Interest Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
MORTGAGE-BACKED TBA SECURITIES:				
FHLMC TBA		08/01/33	9,500,000	9,677,813
FNMA TBA		07/01/33	10,715,000	10,961,111
FNMA TBA		07/01/33	8,245,000	8,549,034
FNMA TBA		08/01/18	1,500,000	<u>1,500,469</u>
TOTAL MORTGAGE-BACKED TBA SECURITIES				<u>30,688,426</u>
TOTAL BONDS				\$ <u><u>431,616,828</u></u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2003

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
ABC Bancorp	2,600	\$	34,808	\$	36,868
ADC Telecommunications Inc.	20,278		230,611		46,639
AFC Enterprises	9,500		163,614		155,515
AFLAC Inc.	12,987		352,628		399,350
AGCO Corp	29,700		486,707		507,276
AGL Resources Inc.	14,600		335,876		371,424
AG Services Of America	2,100		27,299		12,474
AES Corporation	15,485		357,447		98,330
AMN Healthcare Services Inc.	17,200		182,118		218,440
AOL Time Warner	117,079		3,571,978		1,883,801
APAC Customer Services Inc.	9,500		23,692		24,035
AT&T Corp	97,315		2,764,090		1,873,314
Atmi Inc.	14,115		330,658		352,169
A T & T Wireless Services	93,400		1,258,226		766,814
Azz Incorporated	3,700		40,765		40,737
Abbott Labs	39,458		1,521,294		1,726,682
Ace Cash Express Inc.	3,700		34,481		40,219
Activision Inc.	5,400		48,071		69,498
Acuity Brands Inc.	21,000		349,517		381,570
Acxiom Corp.	35,300		490,475		538,325
Adaptec Inc.	86,134		992,077		684,765
Adobe Systems Inc	5,893		102,507		188,989
Advance Auto Parts	12,455		684,409		758,510
Aeroflex Inc.	68,910		635,852		529,229
Advanced Micro Devices Inc.	8,791		143,606		56,350
Advanta Corp - Cl A	5,600		120,765		55,104
Aetna Inc	46,896		2,583,125		2,823,139
Affiliated Managers Group	12,210		597,898		744,200
Aftermarket Technology Corp.	10,400		119,438		110,240
Agilent Technologies Inc.	11,942		396,866		233,466
Agile Software Corp.	83,065		671,137		800,747
Air Methods Corp.	1,000		3,668		7,750
Air Products & Chemical	5,793		240,243		240,989
Airgas Inc	30,730		490,413		514,728
Airnet Systems Inc.	7,000		28,783		28,350
Albany Molecular Research	11,500		144,379		173,190
Alberto-Culver Co	1,498		51,100		76,548
Albertson's Inc.	9,232		307,495		177,254
Alcoa Inc	21,422		524,054		546,261

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SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2003

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Alexion Pharmaceuticals Inc.	22,830	387,081	388,110
Alfa Corporation	7,830	98,363	97,875
Allegheny Energy Inc.	3,196	116,149	27,006
Allegry Technologies Inc	2,098	72,624	13,847
Allegiant Bancorp Inc.	4,900	49,545	98,980
Allergan Inc	22,296	1,415,532	1,719,022
Alliance Gaming Corp.	27,840	409,449	526,454
Alliance Imaging Inc.	18,600	91,883	81,840
Alliant Energy Corp.	45,700	773,068	869,671
Allied Defense Group Inc	2,300	20,027	42,435
Allied Waste Industries, Inc.	5,296	81,843	53,225
Allou Health & Beauty- C1 A	2,200	11,852	2,200
Alloy Online Inc.	11,200	68,862	72,240
Allstate Corp	70,380	2,244,310	2,509,047
Alltel Corp	7,891	350,996	380,504
Altera Corporation	9,689	315,842	159,190
Altria Group Inc	51,243	1,459,736	2,328,482
Ambac Inc	2,698	154,575	178,743
Amcol International Corp.	5,900	28,001	47,200
Amerada Hess Corporation	2,298	136,116	113,016
Ameren Corp	4,096	164,466	180,634
American Axle & Mfg Holdings	13,700	337,848	327,430
American Business Finl Svcs	330	4,220	2,119
American Capital Strategies	24,622	546,085	616,042
American Electric Power	9,991	366,828	298,032
American Express Co	32,765	774,970	1,369,905
American Greetings Corporation	15,398	222,613	302,417
American Home Mtg Holdings	6,200	75,510	120,032
American International Group	107,523	5,852,474	5,933,119
American Medical Systems Holdings	17,180	284,868	290,342
American Power Conversion	44,296	702,175	691,461
American Standard Companies	1,798	135,222	132,926
Americanwest Bancorporation	620	5,876	10,156
Ameron International Corp	2,400	43,374	83,448
Amerus Group Co.	17,400	492,681	490,506
Amerisourcebergen Corp.	38,134	2,414,668	2,644,593
Ametek Inc.	14,940	485,386	547,551
Amgen, Inc.	80,097	3,597,632	5,281,596
Amsouth Bancorporation	8,891	217,958	194,179

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SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2003

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Amsurg Corp.	13,929	348,253	425,252
Anadarko Petroleum Corporation	31,695	1,569,219	1,409,477
Analog Devices	9,289	280,845	323,443
Anchor Bancorp Wisconsin Inc.	6,900	159,379	164,841
Andersons Inc.	5,200	55,500	63,700
Andrew Corp	2,498	53,916	23,331
Andrx Group	900	17,658	17,955
Anheuser Busch Co Inc	21,076	645,784	1,075,930
AnnTaylor Stores Corp.	17,373	402,233	502,948
Anthem Inc.	23,696	1,759,505	1,828,146
Aon Corp	7,893	247,989	190,063
Apache Corporation	4,095	169,547	266,421
Apartment Investment And Mana	26,000	909,970	899,600
Apogee Enterprises Inc.	6,700	62,825	59,563
Apollo Group Inc. - Cl A	4,396	169,633	271,673
Apple Computer, Inc.	9,291	113,771	177,086
Apria Healthcare Group Inc.	21,940	497,433	545,867
Applera Corp. - Applied Biosy	5,293	118,139	100,726
Applied Materials Inc.	113,456	1,770,788	1,797,143
Applied Micro Circuits Corp.	35,040	473,290	211,642
Archer - Daniels - Midland Co.	16,283	266,779	209,562
Arctic Cat Inc.	5,700	60,939	108,243
Arris Group Inc.	80,815	378,295	400,842
Arvinmeritor Inc.	33,600	520,772	678,048
Asbury Automotive Group	6,200	39,520	83,576
Ashland Inc	1,698	72,998	52,095
Astronics Corp	2,500	10,818	8,113
Atlantic Coast Airlines Hldg.	17,400	173,325	231,594
Autodesk Inc	30,798	540,021	498,004
Automatic Data Processing Inc	15,082	503,049	510,677
Autonation Inc.	7,100	95,880	111,612
Autozone Inc.	2,298	86,189	174,579
Avaya Inc.	9,659	107,638	62,397
Avery Dennison Corp.	17,498	870,430	878,400
Aviall Inc.	10,300	88,548	117,111
Avon Prods Inc Com	5,893	241,015	366,545
Aztar Corp.	16,400	198,336	264,204
BB&T Corporation	57,887	1,972,536	1,985,524

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SCHEDULE OF DOMESTIC STOCKS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
BJ Services Co.	55,896	1,947,288	2,088,275
BJ'S Wholesale Club Inc.	27,100	439,423	408,126
Bmc Software	5,893	267,576	96,233
Bairnco Corp.	5,500	45,815	33,110
Baker (Michael) Corp.	5,000	48,227	53,500
Baker Hughes Inc.	16,001	510,591	537,154
Baldor Electric	2,196	47,276	45,238
Ball Corporation	15,098	702,018	687,110
Bally Total Fitness Hldgs	18,700	457,482	168,861
Bank Of America Corp	77,916	4,622,925	6,157,701
Bank Of New York Inc.	59,180	1,732,078	1,701,425
Bank One Corporation	74,345	2,856,799	2,764,147
Bard C R Inc.	1,298	55,884	92,560
Barnes And Noble	29,500	535,119	679,975
Bausch & Lomb Inc	1,298	54,916	48,675
Baxter International	15,085	499,185	392,210
Baycorp Holdings Ltd.	228	2,074	3,169
Bear Stearns Cos. Inc.	2,534	136,332	183,512
Beazer Homes Usa Inc.	1,700	44,659	141,950
Becton Dickinson & Co	6,493	189,483	252,253
Bed Bath & Beyond Inc.	29,091	968,983	1,129,313
Bellsouth Corporation	86,449	2,230,638	2,302,137
Bemis Co.Inc.	13,498	539,030	631,706
Benihana Inc. - Cl A	2,500	31,360	33,000
WR Berkley Corp.	19,800	974,126	1,043,460
Best Buy Company Inc.	8,141	302,631	357,553
Beverly Enterprises Inc.	54,200	125,683	189,700
Big Lots Inc.	2,998	92,526	45,090
Biogen Inc.	3,796	289,977	144,134
Biomet Inc.	6,543	104,122	187,784
Black & Decker Corporation	1,998	77,267	86,813
Black Box Corporation	6,014	241,089	217,226
Black Hills Corp.	14,100	404,398	432,870
Blair Corp	3,500	75,933	77,700
H & R Block	4,496	106,099	194,452

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Bluegreen Corp.	11,900	41,874	56,525
Bob Evans Farms Inc.	15,600	370,822	436,644
Boeing Co.	21,308	1,058,249	731,291
Boise Cascade Corp	1,498	48,487	35,802
Bon-Ton Stores	6,700	19,999	33,165
Borders Group, Inc.	22,100	328,083	389,181
Borg Warner Inc	8,100	305,919	521,640
Boston Scientific Corp	60,389	3,100,394	3,689,768
Bowater Inc.	16,300	622,062	610,435
Boyd's Collection Ltd.	25,200	163,860	118,692
Brass Eagle Inc.	3,700	22,357	30,784
Brink's Co/The	14,400	232,102	209,808
Bristol-Myers Squibb Co	49,047	1,245,881	1,331,626
Broadcom Corp. - Cl A	72,193	2,543,251	1,798,328
Brown & Brown Inc.	8,450	263,390	274,625
Brown-Forman Corp - Cl B	1,498	84,682	117,773
Brown Shoe Inc.	8,300	114,514	247,340
Brunswick Corporation	2,298	61,628	57,496
Buca Inc.	4,600	25,530	26,634
Buckle Inc	10,500	188,163	201,915
Building Material Holding Corp	7,100	70,284	105,222
Burlington Coat Factory Wrhs	20,200	275,532	361,580
Burlington Northern Santa Fe	9,389	275,595	267,023
Burlington Resources, Inc.	5,116	211,009	276,622
Business Objects Sa	14,628	242,182	319,768
CBRL Group Inc.	12,000	320,803	466,200
CED Entertainment Inc.	9,200	236,414	339,756
Cigna Corp	19,896	1,844,820	933,918
Cleco Corporation (New)	21,700	473,192	375,844
CMS Energy Corp	3,596	110,842	29,128
CPI Corp.	3,500	48,297	61,775
CPAC Inc.	6,800	70,194	39,671
CSG Systems Int'l Inc.	26,700	604,281	378,873
CSX Corporation	5,393	225,066	162,275
CVS Corp	9,989	324,669	279,992
CV Therapeutics Inc.	5,880	168,275	175,106
Caci International Inc. - Cl	13,200	454,621	452,760
Cal Dive International Inc.	3,300	74,171	71,874

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SCHEDULE OF DOMESTIC STOCKS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
California Amplifier Inc.	5,500	19,452	19,635
California First National Bancorp	2,170	22,185	20,593
Callaway Golf Company	1,500	17,896	19,830
Calpine Corporation	9,689	262,103	63,947
Camco Financial Corp.	2,800	35,437	43,484
Camden National Corp.	2,100	37,171	57,750
Campbell Soup	10,389	396,403	254,531
Capital Corp. Of The West	1,212	14,805	30,421
Capital Crossing Banks	1,700	20,132	41,072
Capital One Financial Corp.	5,693	245,050	279,982
Capitol Bancorp Ltd.	4,100	59,909	111,110
Cardinal Health Inc.	11,287	553,117	725,754
Career Education Corp.	9,251	215,220	631,843
Caremark Rx Inc.	63,300	1,572,278	1,625,544
Carnival Corp	15,894	581,601	516,714
Carriage Services Inc. - Cl A	10,300	52,015	36,462
Cascade Corp.	5,300	70,921	92,220
Cash America Intl Inc	2,600	20,168	34,372
Caterpillar Inc.	8,691	327,507	483,741
Cato Corp. - Cl A	7,800	77,524	164,424
Cell Genesys Inc.	12,821	190,590	112,953
Cendant Corporation	25,802	483,901	472,693
Centerpoint Energy Inc	7,694	152,719	62,706
Centex Corporation	8,998	603,259	699,954
Centex Construction Products	5,000	168,689	200,450
Central Garden & Pet Co	5,900	61,467	141,836
Central Vermont Pub Serv	4,300	73,155	84,065
Centurytel Inc	3,596	142,491	125,321
Ceres Group Inc.	21,500	66,719	59,340
Charter One Fin. Inc.	43,541	1,327,174	1,357,608
Charlotte Russe Holding Inc.	11,000	114,814	115,500
Cheesecake Factory (The)	10,784	362,215	386,499
Chemical Financial Corp.	6,510	200,471	192,371
Cherokee Inc.	3,400	31,799	68,068
Chesapeake Energy Corp.	161,000	1,718,260	1,626,100
Chevrontexaco Corp.	71,827	5,803,990	5,185,909
Chicago Bridge & Iron - Ny Shr	13,261	258,062	300,759
Chico's Fas Inc.	14,416	265,071	303,457

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SCHEDULE OF DOMESTIC STOCKS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Choice Hotels Intl Inc.	9,470	227,098	258,626
Chiron Corp	4,696	204,355	205,967
Chromcraft Revington Inc	3,700	56,529	46,028
Chubb Corp	4,696	308,788	281,760
Ciena Corp.	11,889	144,080	61,466
Cincinnati Financial Corp.	4,096	178,053	151,716
Cinergy Corp	4,496	152,420	165,408
Circuit City Stores - Circuit	5,193	55,627	45,698
Cisco Systems, Inc.	356,600	5,127,920	5,987,314
Cintas Corp.	4,296	165,048	152,207
Citigroup Inc.	321,212	11,302,215	13,747,874
Citizens Communications Co.	77,991	1,034,152	1,005,304
Citrix Systems Inc.	4,196	161,273	85,431
Clarcor Inc.	8,440	263,194	325,362
Clear Channel Communications	47,782	1,971,193	2,025,479
Clorox Company	31,693	1,290,204	1,351,706
Coastal Bancorp Inc.	1,900	33,089	53,979
Coca-Cola Company Com	62,332	3,402,576	2,892,828
Coca-Cola Enterprises	39,987	892,976	725,764
Cognex Corp	10,847	231,086	242,214
Colgate-Palmolive	13,585	563,422	787,251
Collins Industries Inc.	600	2,381	2,100
Columbia Banking System Inc.	7,035	80,741	126,349
Comcast Corp - Cl A	56,934	1,853,925	1,718,268
Comcast Corp-Special Cl A	38,100	1,035,897	1,104,519
Comerica, Inc.	4,396	199,902	204,414
Commerce Group Inc	18,200	438,295	658,840
Commercial Federal Corp.	23,300	623,385	493,960
Community Bank System Inc.	2,400	58,998	91,200
Community Health Systems	26,707	562,056	515,178
Community First Bankshares	9,569	262,207	260,564
Community Trust Bancorp Inc.	4,730	99,293	123,737
Compex Technologies Inc	5,600	18,415	26,040
Compucom Systems Inc.	21,900	81,096	99,645
Computer Associates Int'L.	14,585	403,826	324,954
Computer Sciences Corp	23,596	880,588	899,480
Compuware Corp.	9,589	250,202	54,849
Comverse Technology Inc.	4,796	224,377	71,988

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SCHEDULE OF DOMESTIC STOCKS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Conagra Inc	13,585	311,496	320,606
Concord Efs Inc.	12,287	255,488	180,865
Conmed Corp.	2,100	30,368	38,619
Conocophillips	30,395	1,402,669	1,665,646
Consolidated Edison Inc	5,693	184,584	246,393
Constellation Energy Group	4,196	123,975	143,923
Convergys Corp.	3,696	142,687	59,136
Cooper Camron Corp.	6,900	343,039	347,622
Cooper Cos Inc.	14,844	423,375	516,126
Cooper Tire & Rubber	37,098	501,929	652,554
Coors (Adolph) - CI B	900	38,677	44,082
Corinthian Colleges Inc.	15,845	349,740	765,472
Corning, Inc.	31,974	607,651	236,288
Corporate Executive Board Co	23,620	693,265	956,846
Correctional Services Corp.	2,900	7,387	8,555
Corrections Corp. Of America	17,017	370,827	431,041
Corus Bankshares Inc	6,600	242,459	317,658
Cost Plus Inc./California	7,379	232,764	263,209
Costco Wholesale Corp	11,587	254,032	424,084
Cotton States Life Insurance	1,200	12,930	12,108
Countrywide Credit Inds., Inc.	23,796	1,241,936	1,655,488
Cox Communications Inc. - CI	40,000	1,250,205	1,276,000
Cox Radio Inc. - CI A	29,000	710,569	670,190
Crane Company	1,548	38,326	35,031
Crawford & Company - CI A	2,575	14,317	12,489
Credit Acceptance Corp.	184	1,357	1,840
Crescent Real Estate Eq. Co.	41,300	608,815	685,993
Cross Country Healthcare Inc.	2,100	27,874	27,636
Cubic Corp.	20,685	367,402	459,621
Culp Inc.	5,200	25,320	35,880
Cummins Inc.	1,098	57,027	39,407
Cumulus Media Inc. - CI A	20,459	392,730	384,015
Curative Health Services Inc.	5,600	70,699	94,696
Cymer Inc.	10,419	216,189	334,137
D & K Healthcare Resources	4,300	41,448	69,402
DQE, Inc.	23,500	308,170	354,145
D. R. Horton, Inc.	87,900	2,237,363	2,469,990
DSP Group Inc.	27,420	473,026	596,659
DTE Energy Company	17,496	694,919	676,045
DVI Inc.	8,200	120,976	38,294
Dade Behring Holdings Inc.	20,068	465,566	453,737

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Dan River Inc. - Cl A	5,700	17,785	15,333
Dana Corporation	23,289	253,025	269,221
Danaher Corp.	3,896	197,919	265,123
Darden Restaurants Inc.	4,246	45,415	80,589
Deckers Outdoor Corp.	3,900	14,841	25,311
Deere & Co Com	6,093	314,531	278,450
Dell Computer Corporation	127,930	2,362,883	4,073,291
Delphi Corp	14,219	181,934	122,710
Delta Air Lines Inc.	3,096	110,246	45,449
Deluxe Corp	1,398	42,716	62,630
Department 56	6,100	160,247	93,513
Devon Energy Corporation	8,404	429,646	448,774
Diagnostic Products Corp.	10,490	368,282	430,615
Diamond Offshore Drilling	4,500	148,110	94,455
Diebold Inc.	12,200	460,344	527,650
Dillard's Inc - Cl A	29,198	422,897	393,297
Dimon Inc.	23,700	144,277	169,692
Disney Co	51,645	1,263,784	1,019,989
Dixie Group Inc.	4,800	18,173	16,512
Documentum Inc.	25,714	438,432	503,737
Dollar General Corporation	8,407	167,127	153,512
Dollar Tree Stores Inc.	45,500	1,410,162	1,445,535
Dominion Homes Inc.	1,800	12,327	43,632
Dominion Resources Inc/Va	7,863	373,756	505,355
Donegal Group Inc. - Cl A	1,200	14,959	16,932
Donegal Group Inc. - Cl B	600	7,123	7,524
Donnelley R R & Sons Company	26,298	762,842	687,430
Doral Financial Corp.	33,400	1,557,612	1,491,310
Dover Corp.	5,093	161,604	152,586
Dover Downs Gaming & Entertainment	4,600	42,407	42,550
Dow Chemical	86,681	2,714,564	2,683,644
Dow Jones & Co., Inc.	2,098	91,833	90,277
Downey Financial Corp.	14,400	521,018	594,720
Dril-Quip	20,700	493,429	376,740
Dupont (Ei) De Nemours & Co.	78,440	3,507,576	3,266,242
Duane Reade Inc.	7,100	86,365	104,725
Duckwall - Alco Stores, Inc.	5,000	89,263	54,255
Ducommun Inc.	3,900	47,131	54,990
Duke Energy Corp Com Stk	22,776	616,067	454,381
Dun & Bradstreet Corp.	15,600	539,089	641,160

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Dura Automotive Systems Inc.	7,623	230,203	76,916
Dynegy Inc. - Cl A	9,389	359,626	39,434
EMC Corp/Mass	55,303	749,147	579,022
Enesco International Inc.	45,800	1,298,696	1,232,020
Eog Resources Inc	2,898	117,145	121,252
Ess Technology	22,300	221,539	217,425
East West Bancorp Inc.	14,840	457,664	536,169
Eastern Company (The)	1,100	16,676	16,060
Eastman Chemical Company	1,998	109,937	63,277
Eastman Kodak Co Com	7,291	450,844	199,409
Eaton Corporation	1,898	140,885	149,202
Ebay Inc.	18,191	1,484,597	1,891,864
Echostar Communications - A	42,400	748,685	1,467,888
Ecolab Inc	6,692	98,541	171,315
Edelbrock Corp.	1,650	22,343	17,078
Edison International	8,291	167,518	136,221
Education Management Corp.	7,360	279,482	390,374
Edwards Lifesciences Corp	13,520	354,589	434,533
El Paso Corporation	15,136	492,648	122,299
El Paso Electric Company	13,000	184,214	160,290
Electro Scientific Inds. Inc.	22,509	327,045	341,236
Electronic Arts Inc.	3,696	213,444	273,134
Electronic Data Systems Corp	12,087	503,016	259,266
Electronics Boutique Holdings	7,600	116,706	174,344
Perry Ellis International	1,000	10,491	19,490
Embrex Inc.	1,700	11,424	17,255
Emcor Group Inc.	4,510	219,821	222,614
Emerson Elec Co	37,189	2,099,087	1,900,358
Engelhard Corporation	3,196	69,916	79,165
Ennis Business Forms	7,700	63,377	112,035
Entergy Corp	5,693	186,279	300,477
Eplus Inc.	5,400	44,361	57,456
Equifax, Inc.	3,596	70,400	93,496
Equity Office Properties Trus	40,589	1,190,773	1,096,309
Equity Residential	60,893	1,607,182	1,580,173
Evergreen Resources Inc.	7,077	342,506	384,352
Exar Corp.	34,000	636,884	530,400
Exelon Corporation	38,403	1,905,627	2,296,883
Exponent Inc.	7,400	63,659	114,700
Extreme Networks Inc.	42,190	250,672	222,143
Exxon Mobil Corporation	327,627	10,252,469	11,765,086

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
FBL Financial Group Inc. - CI	12,400	240,957	249,860
FEI Company	10,300	190,481	193,331
FMC Corp	18,100	441,085	409,603
FMC Technologies Inc.	7,566	154,280	159,264
FNB Corp.	10,135	283,104	306,381
FNB Financial Services Corp	1,200	19,691	23,904
FPL Group Inc	4,596	235,118	307,243
Factual Data Corp.	1,900	15,295	33,041
Family Dollar Stores, Inc.	43,296	1,300,488	1,651,742
Federal Home Loan Mortgage Corporation	17,380	803,436	882,383
Federal National Mortgage Association	24,774	1,396,374	1,670,759
Federated Department Stores	4,693	166,565	172,937
Federated Investors Inc. - CI	2,710	74,490	74,308
Fedex Corporation	7,531	268,265	467,148
Fidelity National Finl Inc.	38,875	912,437	1,195,795
Fifth Third Bancorp.	14,548	631,370	835,346
Filenet Corp.	31,880	524,325	573,840
Financial Federal Corp.	1,700	33,579	41,480
Financial Institutions Inc.	4,600	88,049	108,422
Finlay Enterprises Inc.	5,800	67,674	95,990
First Bell Bancorp Inc.	2,900	39,682	75,226
First Cash Financial Svcs Inc	3,300	10,755	46,926
First Citizens Bcsbs - CI A	3,400	316,321	342,822
First Federal Capital Corp.	5,800	90,870	114,724
First Data Corp.	36,380	1,139,505	1,507,587
First Indiana Corp.	5,500	98,856	94,380
First Mutual Bancshares Inc.	1,089	10,778	21,780
First Republic Bank	7,000	154,874	186,200
First Tennessee Nat'L Corp.	21,596	766,041	948,280
Fiserv Inc.	4,896	151,987	174,591
Firstfed Financial Corp.	9,200	228,311	324,668
Firstfed American Bancorp Inc	2,686	46,538	92,667
Flagstar Bancorp Inc.	23,400	77,822	572,130
First Energy Corp	25,648	907,007	986,166
Fleet Boston Financial Corp	26,569	907,089	789,365
Fluor Corp (New)	2,098	82,012	70,577
Flowserve Corporation	28,100	356,857	552,727
Flushing Financial Corp.	5,500	95,677	121,825
Ford Motor Company	163,329	2,195,561	1,794,986
Forest Laboratories Inc.	9,192	332,724	503,262

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Fortune Brands Inc	3,696	140,705	192,931
Fox Entertainment Grp Inc. -	10,300	263,680	296,434
Franklin Resources Inc	6,393	296,581	249,775
Freeport-Mcmoran Copper-B	3,696	87,065	90,552
Fremont General Corp.	38,800	179,953	531,560
Fresh Brands Inc.	1,100	19,855	15,450
Friedman Billings Ramsey-A	9,900	93,427	132,660
Friedman's Inc. - CI A	8,400	134,396	95,508
Friendly Ice Cream Corp.	1,600	9,370	10,112
Frisch's Restaurants Inc.	2,100	28,747	37,800
Furniture Brands Intl. Inc.	15,700	313,946	409,770
GTSI Corp.	4,500	17,439	39,375
Gametech International Inc.	5,341	21,108	17,572
Gannett Co Inc	18,193	1,266,408	1,397,404
Gap Inc.	22,576	315,460	423,526
Garden Fresh Restaurant Corp.	2,300	23,230	20,700
Gateway Inc	8,191	173,507	29,897
Gencorp Inc.	22,300	207,175	198,247
General Dynamics Corporation	4,993	280,809	361,993
General Electric Co	427,129	11,330,981	12,250,060
General Growth Properties	18,200	1,060,608	1,136,408
General Mills Inc.	9,389	372,266	445,132
General Motors Corp	50,185	2,430,143	1,806,660
Genesco Inc.	11,200	227,771	198,240
Genesee & Wyoming Inc.- CI A	3,825	17,301	78,680
Genesis Health Ventures	10,800	164,410	190,188
Genuine Parts Company	4,396	142,966	140,716
Genzyme Corporation	31,093	1,397,417	1,301,553
Georgia-Pac	6,318	259,711	119,726
Gilead Sciences Inc.	36,800	1,887,034	2,044,240
Gillette Co.	25,871	1,073,448	824,250
Gladstone Capital Corp.	7,000	108,248	143,360
Global Imaging Systems Inc.	6,100	37,939	140,849
Global Power Equipment	22,400	193,381	104,160
Gold Banc Corporation Inc.	9,600	87,489	100,512
Golden West Financial Corp.	3,896	151,290	311,719
Goldman Sachs Group Inc.	11,887	906,935	995,536
Goodrich (B.F.)Co	2,998	98,172	62,958
Goodyear Tire & Rubber Co.	4,396	184,218	23,079
Graco Inc.	11,200	298,474	358,400
W. W. Grainger, Inc.	2,298	104,142	107,454

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Great Lakes Chemical Corporation	1,298	48,629	26,479
Greater Bay Bancorp	26,200	443,130	525,048
Grey Wolf, Inc.	100,000	291,760	404,000
Guidant Corporation	7,791	224,241	345,842
Gymboree Corp.	18,230	299,613	305,717
HCA - The Healthcare Company	12,987	513,881	416,103
HCC Insurance Holdings Inc.	16,978	432,657	502,039
Halliburton Co.	11,089	379,438	255,047
John Hancock Financial Svcs.	7,291	278,104	224,052
Handleman Co.	13,800	145,459	220,800
Harland (John H.) Co.	6,800	142,289	177,888
Harley Davidson Inc.	7,691	299,405	306,563
Harrah's Entertainment Inc.	18,298	811,631	736,312
Hartford Financial Svcs Grp.	7,093	342,158	357,203
Hasbro Inc.	4,346	73,080	76,012
Haverty Furniture	8,800	106,107	154,000
Hawkins Inc.	1,400	11,023	13,930
Hawthorne Finl. Corp.	1,600	14,248	55,472
Health Mgmt Associates Inc.	5,993	118,351	110,571
Headwaters Inc.	17,423	296,065	253,505
Health Net Inc.	38,000	949,597	1,252,100
Heartland Express, Inc.	8,767	170,721	198,397
Hector Communications Corp.	1,200	15,024	15,000
H J Heinz Co	46,591	1,638,248	1,536,571
Henry (Jack) & Associates	17,000	286,473	304,300
Hercules Inc	2,798	97,724	27,700
Hershey Foods	3,296	198,686	229,599
Hewlett - Packard	133,826	2,537,243	2,850,494
Hilb, Rogal & Hamilton Co.	7,105	276,103	241,854
Hilton Hotels Corporation	9,489	129,467	121,364
Hollywood Entertainment Corp.	38,014	604,688	661,063
Home Depot Inc.	58,086	1,449,725	1,923,808
Honeywell Int'L	21,678	825,663	582,054
Horizon Health Corp.	2,000	13,060	32,400
Hospitality Properties Trust	12,900	453,141	403,125
Hot Topic Inc.	13,946	314,943	375,984
Houston Exploration Co.	14,100	446,309	489,270
Hughes Supply Inc.	9,000	249,991	312,300
Humana Inc	45,796	510,150	691,520
Huntington Bancshares	5,767	125,370	112,514

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	Shares	Cost	Fair Value
ICN Pharmaceuticals, Inc.	23,600	231,562	395,536
IHOP Corp	3,300	70,699	104,181
IMS Health Inc	6,191	112,078	111,376
ITLA Capital Corporation	2,600	39,215	104,234
Iberiabank Corp.	2,500	41,144	122,500
ITT Industries Inc.	13,098	823,713	857,395
IDEX Corp.	8,644	275,259	313,259
Ikon Office Solutions Inc.	59,000	458,958	525,100
Illinois Tool Works Inc.	7,791	442,647	513,037
Imax Corp.	20,507	191,642	184,768
Indymac Bancorp Inc	24,600	584,883	625,332
Informatica Corp.	87,920	815,083	608,406
Insight Enterprises Inc.	23,801	210,909	238,010
Integramed America Inc.	1,200	4,878	7,248
Integrated Electrical Svcs	20,800	124,359	150,800
Intel Corporation	354,517	7,494,499	7,377,499
Interactivecorp	22,100	848,865	869,193
Intercept Group Inc.	7,700	42,203	64,834
Intermet Corp.	2,500	9,875	8,625
International Business Machines	91,854	6,954,806	7,577,955
Intl Flavors & Fragrances	2,398	101,370	76,568
International Game Technology Com	8,198	551,209	838,901
International Paper	12,087	586,621	431,869
Interpool Inc	26,900	257,827	441,698
Interpublic Group	9,889	225,772	132,315
Intersil Corp. - C1 A	59,500	1,262,843	1,583,295
Interstate Bakeries	22,500	282,459	285,750
Intuit Inc.	5,193	238,017	231,608
Investment Technology Group	19,100	264,925	355,260
Investors Financial Svcs Cp	4,370	124,157	126,861
Ipayment Inc.	4,220	77,896	100,605
Irwin Financial Corp.	14,200	244,399	367,780
JDS Uniphase Corp.	36,163	2,367,284	126,462
JP Morgan Chase & Co.	69,785	2,213,713	2,385,251
Jabil Circuit Inc.	4,996	146,933	110,412
Jack In The Box Inc.	35,689	848,980	795,865
Jakks Pacific Inc.	12,600	137,807	167,202
Janus Capital Group Inc	6,093	145,216	99,925
Jefferies Group Inc. (New)	6,505	249,501	323,884
Jefferson Pilot Corp.	3,621	128,602	150,127

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	Shares	Cost	Fair Value
Johnson & Johnson	124,725	4,766,253	6,448,283
Johnson Controls	17,898	1,447,404	1,532,069
Johnson Outdoors Inc - Cl A	3,800	26,846	51,832
Jones Apparel Group (Jones Of Ny)	3,196	106,440	93,515
Kla-Tencor Corp.	22,096	1,058,232	1,026,580
Kaman Corp - Cl A	11,500	161,363	131,330
KB Home	1,198	32,081	74,252
Keith Cos Inc.	3,300	33,702	32,967
Kellogg Company	10,289	412,423	353,633
Kerr-Mcgee Corporation	2,520	145,724	112,896
Key Energy Services Inc.	83,400	888,555	894,048
Keycorp	10,689	274,806	270,111
Keyspan Corporation	3,996	139,660	141,658
Kimberly Clark Corporation	12,887	715,337	671,928
Kinder Morgan Inc.	3,096	147,348	169,196
Kindred Healthcare Inc.	4,700	177,445	83,519
King Pharmaceuticals Inc.	6,060	169,996	89,446
Knight-Rider Inc	2,098	120,585	144,615
Knight Transportation Inc.	8,560	172,900	212,459
Kohls Corp.	19,991	1,037,851	1,027,138
Kroger Co.	19,078	355,405	318,221
Kyphon	10,640	100,038	159,494
LSI Logic Corp.	9,489	137,911	67,182
La-Z-Boy Inc	25,400	477,483	568,452
Lamson & Sessions Co.	6,300	25,987	30,366
Landamerica Financial Group	10,300	324,908	489,250
Leggett & Platt, Inc.	4,896	104,820	100,368
Lehman Brothers Holding Inc	6,100	259,814	405,528
Lennar Corporation	10,700	494,080	765,050
Lexmark Intl Group - Cl A	11,496	723,609	813,572
Libbey, Inc.	6,800	185,194	154,360
Lilly Eli & Co Com	28,469	1,789,841	1,963,507
Limited Brands	13,251	164,009	205,391
Lincoln Electric Holdings	18,800	311,061	383,896
Lincoln National Corporation Indiana	4,496	158,951	160,192
Linear Technology Corp.	7,891	370,330	255,511
Lithia Motors Inc. - Cl A	7,300	114,491	118,041
Liz Claiborne Inc	17,998	605,960	634,430
Local Financial Corp.	9,600	91,553	137,568
Lockheed Martin Corp	11,387	556,104	541,680

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	Shares	Cost	Fair Value
Loew's Corp.	4,696	243,619	222,074
Lone Star Technologies Inc.	11,111	212,144	235,331
Louisiana Pacific Corporation	2,598	43,327	28,162
Lowes Cos. Inc.	65,278	2,124,416	2,803,690
Lucent Technologies Inc.	104,625	1,151,938	212,389
MAF Bancorp Inc.	1,200	20,399	44,484
MBIA, Inc.	3,596	153,443	175,305
MBNA Corporation	32,352	497,468	674,216
MGIC Investment Corp.	7,898	449,362	368,363
MIM Corp	6,000	40,681	39,120
Macrovision Corp.	39,210	566,058	781,455
Steven Madden Ltd.	5,800	52,537	125,222
Manitowoc Company Inc.	8,700	191,951	194,010
Manor Care Inc	2,298	67,189	57,473
Marathon Oil Corp.	62,391	2,019,062	1,644,003
Marinemax Inc.	7,300	59,457	102,200
Marsh & McLennan Cos	13,585	380,845	693,786
Marshall & Ilsley Corp.	5,693	168,997	174,092
Marriott Corporation - Cl A	5,893	203,801	226,409
Masco Corporation	12,087	277,025	288,275
Matrix Bancorp Inc.	2,600	28,603	26,624
Mattel Inc.	11,089	294,669	209,804
Maxim Integrated Products	8,191	425,263	279,313
Maxwell Shoe Company Inc - A	7,200	73,371	103,680
May Dept Stores Co Com	7,291	224,059	162,298
Maverick Tube Corp.	19,988	369,484	382,770
Maximus Inc.	6,500	138,866	179,595
Maytag Corp.	1,998	46,292	48,791
Mccormick And Co Inc	3,500	89,736	95,200
Mcdata Corporation - A	49,440	408,098	724,296
Mc Dermott Intl. Inc.	1,698	35,862	10,748
Mc Donalds Corporation	32,165	773,339	709,560
Mcgrath Rentcorp	900	16,981	24,057
Mcgraw Hill Inc.	4,796	199,587	297,352
Mckesson Hboc Inc	7,298	396,722	260,831
Meadwestvaco Corp.	5,027	151,872	124,167
Medicines Company	12,710	204,394	247,972
Medimmune Inc.	6,393	329,800	232,513
Medtronic Inc	76,367	3,175,701	3,663,325
Mellon Financial Corp.	10,889	302,901	302,170

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Merchants Bancshares Inc	1,800	26,736	46,584
Merck & Co. Inc.	80,238	3,419,424	4,858,411
Mercury Interactive Corp.	2,198	152,063	85,194
Meredith Corp.	1,298	45,086	57,112
Merit Medical Systems Inc.	8,430	165,521	168,600
Merrill Lynch	54,376	2,435,242	2,538,272
Mesa Air Group, Inc.	1,800	6,246	14,328
Mesa Laboratories Inc	1,200	6,130	8,514
Methode Electronics, Inc.	21,589	220,690	232,082
Metlife Inc.	19,280	630,860	546,010
Metro One Telecommunications	11,200	150,817	57,680
Micrel	25,310	272,041	263,224
Microsoft Corporation	485,906	11,246,256	12,458,630
Micron Technology Inc.	48,985	674,343	569,696
Midland Co.	6,600	92,335	145,662
Millipore Corporation	1,198	46,906	53,155
Mine Safety Appliances Co.	100	3,204	4,362
Minerals Technologies, Inc.	5,309	210,989	258,336
Mirant Corp.	10,215	207,233	29,624
Mobile Mini Inc.	6,000	84,728	97,860
Mohawk Industries Inc	16,900	953,667	938,457
Molex Inc.	4,821	177,208	130,071
Monarch Casino & Resort Inc.	5,322	42,807	49,229
Monro Muffler Brake Inc.	2,500	26,809	70,650
Monsanto Co	6,594	97,044	142,694
Monster Worldwide Inc	2,798	130,895	55,205
Moody's Corporation	3,796	96,044	200,087
Moog Inc. - Cl A	3,900	42,302	135,525
Morgan St Dean Witter	37,569	1,379,489	1,606,075
Motorola Inc.	182,856	3,171,512	1,724,332
Movado Group	3,300	50,726	71,775
Mylan Laboratories	23,600	829,188	820,572
NCI Building Systems Inc.	7,600	131,802	126,920
NCO Group Inc.	13,300	220,202	238,735
NCO Portfolio Management Inc.	5,100	34,448	29,978
NCR Corporation	23,298	1,068,493	596,895
Nacco Industries - Cl A	1,100	48,455	64,834
National City Corp.	15,482	455,504	506,416
National Dentex Corp.	900	18,455	18,406
National Home Health Care	1,500	10,376	10,568
National-Oilwell Inc.	15,800	465,552	347,600

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
National Semiconductor Corp.	4,596	118,443	90,633
Natl Western Life Ins -Cl A	1,200	136,272	132,516
Nautica Enterprises Inc	1,430	17,188	18,790
Nautilus Group Inc.	16,600	239,604	205,840
Navistar International	1,698	35,504	55,406
Navigant International Inc.	6,699	80,170	86,417
Network Appliance Inc.	8,591	137,146	138,143
New Century Financial Corp.	9,600	99,062	417,024
New England Business Service	7,000	120,014	210,000
New York Community Bancorp	23,466	499,122	682,626
New York Times Co. Class A	3,796	125,446	172,718
Newell Rubbermaid Inc.	6,894	237,402	193,032
Newfield Exploration Company	2,000	66,752	75,100
Newmont Mining Corporation	10,189	272,145	330,735
Nextel Communications Inc.	179,576	3,155,625	3,244,938
Nicor, Inc.	13,498	385,136	500,911
Nike Inc - Cl B	6,693	349,315	358,009
Nisource Inc.	6,593	153,298	125,267
Noble International Ltd.	3,200	25,587	27,360
Nordstrom, Inc.	3,396	74,318	66,290
Norfolk Southern	9,889	285,226	189,869
North Fork Bancorporation	3,996	152,620	136,104
North Valley Bancorp	1,500	16,525	22,500
Northeast Utilities	65,200	944,498	1,091,448
Northern Trust Co.	6,093	258,795	253,469
Northrim Bancorp Inc.	1,870	14,154	33,903
Northrop Grumman Corporation	19,763	1,929,205	1,705,349
Northwest Natural Gas Co	3,200	91,866	87,200
Northwest Pipe Company	3,000	47,184	41,640
Novell Inc.	9,289	58,131	28,889
Novellus Systems, Inc.	44,596	1,399,442	1,634,443
Nu Skin Enterprises Inc. - Cl A	9,900	97,275	103,455
Nucor Corp.	1,998	103,141	97,602
Nuevo Energy Co.	4,000	49,250	69,800
Nutraceutical Intl Corp.	600	2,238	6,450
Nvidia Corp.	3,996	178,647	91,548
Oakley Inc.	20,471	298,281	240,944
Occidental Petroleum Corp.	9,589	247,637	321,711
Odyssey Healthcare Inc.	8,521	206,469	315,277
Office Depot Inc.	7,791	144,775	113,047
Offshore Logistics	11,800	210,594	256,650

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	Shares	Cost	Fair Value
Oil States International Inc.	42,400	453,252	513,040
Old Dominion Freight Line	10,554	246,215	225,539
Omnicom Group, Inc.	4,796	257,857	343,873
On Assignment Inc.	10,500	42,864	42,420
Onyx Acceptance Corp.	2,200	15,122	14,212
Opinion Research Corp.	1,000	7,410	6,555
Oracle Systems Corporation	132,653	1,126,478	1,593,163
Oregon Steel Mills Inc.	7,900	23,151	22,910
Orthodontic Centers Of Amer	20,300	224,199	162,603
Oshkosh B' Gosh Inc. - Cl A	5,400	89,009	145,476
Outback Steakhouse Inc	15,200	563,926	592,800
Owens & Minor Inc.	6,300	93,251	140,805
Oxford Industries Inc.	4,300	152,370	178,536
P G & E Corporation	10,389	212,173	219,727
PFF Bancorp Inc.	7,400	133,554	286,010
P.F. Changs China Bistro Inc.	4,593	140,186	226,022
PMC Sierra Inc	4,296	122,078	50,392
PMI Group Inc.	27,200	819,834	730,048
PNC Financial Services Group	7,191	342,665	350,993
PNM Resources, Inc.	16,600	444,059	444,050
PPG Industries	4,296	235,162	217,979
PPL Corporation	4,295	118,250	184,685
Paccar, Inc.	2,898	96,850	196,340
Pacificare Health Systems	13,700	220,285	675,821
Pactiv Corporation	3,996	128,705	78,761
Pall Corp.	3,096	67,808	69,660
Papa John's Intl Inc.	7,400	196,507	207,866
Parametric Technology Corporation	6,693	104,046	20,213
Parker-Hannifin Corp	2,998	111,612	125,886
Parkvale Financial Corp.	1,900	40,907	46,398
Patina Oil & Gas Corp.	11,565	336,379	371,815
Patterson - Uti Energy Inc.	25,939	467,348	839,645
Paychex Inc.	9,489	251,417	278,882
Payless Shoesource Inc.	33,600	617,961	420,000
Pediatric Svcs Of America	1,800	9,845	12,060
Pegasystems Inc.	9,100	34,550	67,340
Pegasus Systems Inc.	18,505	263,246	301,446
Penney J C Inc	6,793	271,397	114,462
Pennfed Financial Svcs Inc.	2,500	32,419	69,375
Peoples Bancorp Inc.	1,100	16,931	28,006

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Peoples Energy Corp	18,600	680,210	797,754
Peoplesoft Inc.	7,991	223,403	140,322
Pep Boys Manny, Moe, & Jack	48,200	534,327	651,182
Pepsi Bottling Group Inc.	6,891	157,618	137,958
Pepsico Inc. Capital Stock	120,292	4,852,846	5,352,994
Perini Corp.	2,100	14,217	16,695
Perkinelmer Inc.	3,196	56,056	44,137
Petroleum Development Corp.	8,600	40,823	78,432
Pfizer Inc Com	364,459	10,969,883	12,446,275
Phelps Dodge	32,293	1,307,997	1,238,114
Photronics Inc.	18,698	317,222	321,419
Pinnacle West Capital	2,298	86,446	86,060
Pioneer Natural Resources Co	16,400	414,730	428,040
Pitney Bowes, Inc.	22,593	822,917	867,797
Playtex Products	27,800	226,894	178,476
Plum Creek Timber Co. - Reit	4,596	134,635	119,266
Polaris Industries Inc.	4,300	209,625	264,020
Pomeroy Computer Resources	6,600	106,724	72,996
Powell Industries Inc.	5,600	99,960	81,984
Power-One Inc.	2,098	108,534	14,938
Praxair Inc.	4,096	220,026	246,170
Precision Castparts Corp.	22,300	474,547	693,530
T Rowe Price Group Inc.	3,096	97,115	116,936
Pride International Inc.	19,800	465,064	372,636
Prime Medical Svcs Inc.	4,200	22,168	19,782
Principal Financial Group	8,291	232,943	267,385
Procter & Gamble Co Com	46,765	3,587,750	4,170,503
Progress Energy Inc.	6,093	243,461	267,483
Progress Software Corp.	26,546	381,250	550,830
Progressive Corporation Ohio	5,493	209,912	401,538
Protective Life Corp.	17,200	471,454	460,100
Providian Financial Corp.	7,291	112,404	67,515
Prudential Financial Inc.	13,885	445,964	467,230
Public Service Enterprise Gp	50,393	1,272,182	2,129,104
Pulte Corp.	13,398	604,701	826,121
Qlogic Corp.	2,398	203,418	115,680
Quaker Fabric Corp.	8,500	73,352	56,525
Qualcomm Inc.	19,978	994,378	718,009
Quanex Corp.	6,500	121,663	193,180
Quest Diagnostics Inc	2,700	157,593	172,260
Quicksilver Resources Inc.	7,000	88,778	167,650

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	Shares	Cost	Fair Value
Quintiles Transnational Corp.	2,998	56,647	42,482
Qwest Communications Intl.	42,873	1,303,833	204,933
R & B Inc.	2,500	20,856	26,625
RCM Technologies Inc.	4,200	18,607	16,380
R.H. Donnelley Corp.	8,400	209,744	306,348
RPM Inc/Ohio	33,500	515,743	460,625
RF Micro Devices Inc.	59,073	332,304	348,531
Radian Group Inc.	24,600	796,708	901,590
Radiologix Inc	9,900	50,968	41,580
Radioshack Corp	4,296	72,729	113,028
Range Resources Corp.	27,700	135,608	173,679
Rare Hospitality Intl Inc.	19,883	517,429	645,402
Rayovac Corp.	14,700	197,123	190,365
Raytheon Company	10,389	438,613	341,175
Reader's Digest Assn., Inc.	27,300	292,082	368,004
Reebok International Limited	1,498	57,116	50,378
Regions Financial Corp.	5,593	183,773	188,932
Rehabcare Group Inc	4,300	58,679	62,995
Republic Bancorp	7,370	97,165	98,758
Republic First Bancorp Inc.	1,100	4,496	8,723
Res - Care Inc.	10,700	54,585	48,364
Resources Connection Inc.	38,805	859,718	926,275
Respironics Inc.	15,405	492,045	573,528
Retek Inc.	45,779	275,975	288,408
Rex Stores Corp.	6,975	54,260	84,467
RJ Reynolds Tobacco Holdings	2,098	117,307	78,067
Robert Half Intl Inc.	4,296	119,274	81,366
Rock-Tenn Company - Cl A	17,600	273,831	298,320
Rockford Corporation	2,300	20,465	13,087
Rockwell Automation	4,696	78,007	111,953
Rockwell Collins	4,496	106,180	110,736
Rohm & Haas Company	35,988	1,411,843	1,116,708
Rowan Companies Inc.	2,398	56,313	53,715
Ruddick Corp.	21,100	274,925	331,692
Rush Enterprises Inc - Cl A	2,200	11,471	10,010
Rush Enterprises Inc - Cl B	2,200	11,833	10,597
Russell Corporation	12,500	195,631	237,500
Ryans Family Steak Houses, Inc.	49,950	352,976	683,816
Ryder System Inc.	1,598	45,802	40,941
Ryland Group Inc.	6,000	214,018	416,400

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
S & K Famous Brands Inc	1,500	14,393	22,500
Sbc Communications Inc	132,321	4,614,275	3,380,802
Semco Energy Inc.	1,300	5,316	7,566
Slm Corp	61,288	2,198,655	2,400,651
Sabre Holdings Inc.	3,647	133,263	89,899
Safeco Corp	39,596	1,375,685	1,397,343
Safeway, Inc.	11,187	541,155	228,886
St. Francis Capitol Corp.	4,800	67,026	139,488
St Jude Medical Inc	29,088	1,549,373	1,672,560
St Paul Companies Inc	5,715	228,115	208,655
Salton Inc.	6,800	101,802	61,336
Sanderson Farms Inc	2,500	41,671	70,250
John B. Sanfilippo & Son	2,900	15,163	47,154
Sanmina-Sci Corp	12,885	344,352	81,433
Sara Lee Corporation	92,278	1,706,567	1,735,749
Scansource Inc.	3,500	70,508	93,625
Schering Plough	37,160	1,000,766	691,176
Schlumberger Limited	24,185	1,199,109	1,150,480
School Specialty Inc.	8,100	158,610	228,501
Schwab (Charles) Corp.	34,113	340,119	344,200
Schweitzer-Mauduit Intl Inc.	9,600	259,669	231,744
Scientific - Atlanta, Inc.	3,796	70,608	90,497
Sealed Air Corp.	17,162	642,364	817,941
Sears Roebuck & Co.	30,191	1,153,578	1,015,625
Select Medical Corp.	47,000	723,710	1,167,010
Semtech Corp.	28,551	405,605	406,852
Sempra Energy	51,215	1,152,131	1,461,164
Service Corp International	67,100	212,877	259,677
7-Eleven Inc.	16,200	159,949	170,910
Shaw Group Inc.	19,400	345,036	233,770
Sherwin Williams Co.	20,596	507,787	553,620
Shoe Carnival Inc.	900	6,636	13,284
Shopko Stores Inc.	14,900	195,111	193,700
Siebel Systems Inc.	124,187	1,756,790	1,177,665
Sigma-Aldrich Corporation	1,798	70,519	97,667
Silgan Holdings Inc.	8,500	166,958	266,985
Simmons First Natl Corp. - Cl A	3,800	41,616	76,418
Simon Property Group Inc.	36,096	1,380,997	1,408,827
Skechers Usa Inc. - Cl A	8,300	107,897	61,420
Skywest Inc.	15,200	154,526	290,016

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Skyworks Solutions Inc.	21,194	146,212	143,483
Smith International	7,000	222,493	257,180
Snap-On, Inc.	1,448	39,493	42,035
Sola International Inc.	10,400	118,659	180,960
Solelectron Corp.	160,178	808,331	599,066
Somera Communications Inc.	12,600	29,386	19,278
Sourcecorp	3,500	51,400	75,600
Southern Co.	18,280	337,418	569,605
Southtrust Corp.	8,591	185,552	231,957
Southwest Air	19,721	189,771	339,201
Southwest Bancorp Inc.	1,500	22,863	41,130
Southwest Bancorp Of Texas	3,982	131,942	129,455
Spartan Motors Inc.	4,400	25,628	36,300
Sprint Corporation	142,476	2,006,656	2,051,654
Sprint Corp. (Pcs Group)	25,874	337,519	148,776
Stage Stores Inc.	8,600	165,359	202,100
Standard Commercial Corp.	7,700	81,477	130,900
Standard Pacific Corp.	10,700	137,991	354,812
Standex International Corp.	4,300	115,372	90,300
Stanley Furniture Co Inc.	2,200	48,510	60,214
Stanley Works	2,198	87,641	60,665
Staples Inc.(Retail & Delivery)	12,287	247,713	225,466
Starbucks Corp.	9,889	184,298	242,775
Starwood Hotels & Resorts	5,096	153,953	145,695
State Street Corp.	39,191	1,419,114	1,544,125
Station Casinos Inc.	26,200	352,826	661,550
Steel Dynamics Inc.	21,200	266,528	292,348
Steel Technologies Inc.	5,000	51,578	50,550
Steinway Musical Instruments	4,200	71,442	64,680
Stepan Co.	5,100	124,604	115,260
Sterling Finl Corp./Spokane	5,643	52,416	137,407
Stewart Enterprises, Inc. - Cl A	47,700	240,812	205,110
Stewart Info Svcs	7,800	151,951	217,230
Stillwater Mining Company	20,600	387,740	105,884
Stoneridge Inc.	5,600	56,039	76,440
Strattec Security Corp.	1,500	52,935	79,800
Stryker Corporation	20,196	1,245,340	1,400,997
Summa Industries	1,400	12,986	10,080
Sun Microsystems	81,712	571,403	379,961
Sungard Data Systems Inc	7,191	151,248	186,319

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Sunoco Inc.	1,898	62,676	71,631
Sunrise Assisted Living Inc.	11,600	300,595	259,608
Sun Trust Bank Inc	7,091	449,886	420,780
Superior Energy Services Inc.	51,500	590,520	488,220
Superior Financial Corp.	4,600	70,737	109,480
Super Valu Stores	3,396	58,380	72,403
Sylvan Inc	1,800	17,530	19,098
Symantec Corp.	3,700	149,457	162,467
Symbol Technologies, Inc.	5,793	117,510	75,367
Synovus Financial Corp.	7,691	173,776	165,357
Sypris Solutions Inc.	3,900	31,226	40,404
Sysco Corp	16,482	269,749	495,119
TBC Corp	21,900	142,918	416,976
Teco Energy Inc.	4,496	102,696	53,907
Tessco Technologies Inc.	2,300	24,614	15,870
TJX Companies Inc.	12,885	117,711	242,753
TSR Inc.	1,300	6,468	11,674
TXU Corporation	29,175	664,930	654,979
Tandy Brands Accessories Inc.	1,600	23,698	19,200
Target Corp	23,076	418,734	873,196
Tech Data Corp.	8,400	198,433	224,700
Technip-Sponsored Adr	7,500	223,965	163,875
Tecumseh Products - Co.	3,600	152,450	138,024
Tekelec	41,639	404,386	468,855
Tektronix, Inc.	2,098	44,274	45,317
Telephone & Data Sytems	9,000	337,936	447,300
Tellabs, Inc.	10,389	259,723	68,152
Temple-Inland, Inc.	1,398	73,701	59,988
Tenet Healthcare Corporation	11,834	249,267	137,866
Teradyne, Inc.	4,696	173,528	81,288
Terex Corp.	15,900	186,063	310,368
Texas Instruments, Inc.	43,752	803,762	769,598
Textron, Inc.	3,396	200,172	132,512
Thermo Electronics Corp	4,096	98,928	86,098
Thomas & Betts Corporation	1,498	54,179	21,646
Thoratec Corp.	15,330	156,491	225,044
3 M Co	28,189	3,379,066	3,635,817
Tiffany & Co.	3,696	110,799	120,785
Timberland Bancorp Inc.	1,100	14,746	24,871
Too Inc	11,200	180,441	226,800

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	Shares	Cost	Fair Value
Torchmark Corp	33,798	1,279,966	1,258,976
Toro Co.	7,600	117,735	302,100
Tower Automotive Inc.	32,500	244,407	118,950
Toys R Us	5,393	145,654	65,363
Travelers Prop Casualt - B	25,459	423,962	401,488
Tribune Co.	29,191	1,263,955	1,409,925
Trico Bancshares	4,100	68,744	104,263
Trimeris Inc.	3,901	176,513	177,964
Triumph Group Inc.	6,600	181,505	185,922
Tropical Sportswear Intl	5,500	55,181	39,160
Trover Solutions Inc.	4,600	22,774	26,634
Tupperware Corporation	31,598	642,623	453,747
Tyco International Ltd.	50,494	1,474,472	958,376
UCBH Holdings Inc.	15,780	284,797	452,728
UICI	7,900	76,975	119,053
UIL Holdings Corporation	6,700	348,364	271,685
USB Holdings Co. Inc.	2,400	38,856	42,600
UST Inc	4,196	125,327	146,986
US Bancorp	85,071	1,917,835	2,084,240
URS Corp.	15,500	252,676	301,630
US Concrete Inc.	11,400	67,458	43,776
Ultra Petroleum Corp.	26,132	292,221	337,364
Union Pacific Corporation	6,393	414,206	370,922
Union Planters Corp.	4,996	154,763	155,026
Unisys Corp.	83,191	1,239,902	1,021,585
United Auto Group Inc.	20,000	275,533	435,600
United Defense Inds Inc.	10,900	226,881	282,746
United Industrial Corp.	2,800	42,420	45,640
United Parcel Service - Cl B	28,469	1,885,984	1,813,475
United Rentals Inc.	37,200	551,570	516,708
United States Steel Corp.	2,598	61,958	42,529
United Stationers Inc.	9,600	214,254	343,968
United Technologies	28,487	1,704,274	2,017,734
Unitedhealth Group Inc.	72,582	2,766,967	3,647,246
Universal American Financial	10,800	52,958	66,528
Universal Corporation	8,900	200,388	376,470
Universal Forest Products	9,100	139,878	190,554
Univision Communications - Cl A	5,793	217,387	176,107
Unocal Corp	6,493	234,373	186,284
Unizan Financial Corp.	9,492	140,546	166,774
Unumprovident Corp	7,283	241,876	97,665

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
V F Corporation	2,698	88,833	91,651
Vail Banks Inc.	3,000	34,845	40,650
Valassis Communication	14,200	352,976	365,224
Valero Energy Corp.	3,800	147,544	138,054
Varco International Inc.	23,500	445,236	460,600
Veritas Software Corp.	60,289	2,078,455	1,737,529
Verity Inc.	5,778	88,318	73,381
Veritas Dgc Inc.	16,400	154,310	188,600
Verizon Communications	127,079	5,219,669	5,013,267
Viacom Inc. - Cl B	70,999	2,470,356	3,099,816
Visteon Corp.	3,332	28,749	22,891
Vitalworks Inc.	19,500	72,920	75,855
Vornado Realty Trust	14,100	562,465	614,760
Vulcan Materials Co.	2,598	117,620	96,308
WFS Financial Inc.	7,081	112,102	236,151
W Holding Company Inc.	14,580	257,923	246,694
W-H Energy Services Inc.	3,500	78,626	68,460
WPS Resources Corp.	700	28,682	28,140
WSFS Financial Corp.	5,700	70,333	216,372
Wackenhut Corrections Corp.	10,900	149,513	149,439
Wachovia Corp.	95,539	3,394,631	3,817,738
Wal-Mart Stores Inc.	193,279	7,347,170	10,373,284
Walgreen Co.	53,771	1,585,625	1,618,507
Walter Industries Inc.	22,900	268,089	269,075
Washington Banking Co.	1,200	13,980	18,300
Washington Mutual Inc.	78,799	2,684,099	3,254,399
Waste Holdings Inc.	4,400	32,052	31,372
Waste Management Inc.	14,919	593,369	359,399
Water Pik Technologies	5,700	50,827	44,289
Waters Corp.	3,096	113,799	90,186
Watson Pharmaceutical Inc.	2,698	121,927	108,918
Watson Wyatt & Co Holdings	28,440	551,103	659,239
Watts Industries Inc - Cl A	25,800	471,352	460,530
Webmethods Inc.	21,699	218,428	175,979
Wellpoint Health Networks - Cl A	3,696	196,539	311,573
Wells Fargo Company(1998)	81,754	3,367,565	4,120,402
Wendy's International, Inc.	2,898	81,757	83,955
Wesco Int'L Inc.	23,000	184,502	138,000

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
West Coast Bancorp/Oregon	2,100	31,431	38,241
West Corporation	22,467	487,467	598,746
Westcorp	10,723	209,752	300,244
Western Gas Resources Inc.	10,651	401,517	421,780
Westmoreland Coal Co.	2,900	33,874	52,751
Weyerhaeuser Co.	5,493	289,732	296,622
Whirlpool Corporation	1,698	94,628	108,163
Wild Oats Markets Inc.	28,539	340,852	313,929
Williams Companies Inc	13,087	297,854	103,387
Winn-Dixie Stores Inc.	3,596	106,956	44,267
Wintrust Financial Corp.	6,410	200,719	190,954
Wolverine Tube, Inc.	6,600	125,181	37,752
Wolverine World Wide	31,564	536,773	607,923
Woodward Governor Co	4,800	193,336	206,448
Workflow Management Inc.	6,100	32,644	21,045
World Acceptance Corp	8,200	45,617	132,676
World Fuel Services Corp.	4,500	46,196	110,655
Worthington Industries	2,198	36,614	29,453
Wrigley (Wm.) Jr. Co.	5,693	240,694	320,117
Wyeth	87,765	3,942,588	3,997,696
Xcel Energy Inc	10,089	253,940	151,739
Xilinx Inc	8,491	322,437	214,822
Xerox Corporation	19,780	513,163	209,470
Yahoo! Inc.	15,285	1,558,006	499,820
Yardville National Bancorp.	2,400	27,747	46,848
York International Corp	20,300	488,018	475,020
Yum! Brands Inc	7,391	129,006	218,478
Zale Corp.	16,100	450,118	644,000
Zebra Technologies Corp. - Cl A	4,490	252,790	337,873
Zimmer Holdings Inc.	5,006	88,227	225,520
Zions Bancorporation	2,298	124,937	116,279
Cooper Industries Ltd.	2,398	106,713	99,037
Global Santa Fe Corp	17,709	569,478	413,328
Ingersoll-Rand Co.	4,296	180,551	203,287
Nabors Industries Ltd.	55,496	1,979,452	2,193,757
Noble Corp	3,396	135,816	116,483
Transocean	23,265	763,506	511,132
			<u>\$ 584,637,174</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2003

	Shares	Cost	Fair Value
Advantest Corp.	19,600	\$ 1,592,335	\$ 868,391
BG Group Plc.	530,000	2,072,136	2,348,229
Carrefour Supermarche	36,000	1,792,331	1,764,426
CSM - N.R. Cert	90,000	2,175,365	1,983,326
Colruyt Nv	26,600	1,546,218	1,838,886
China Mobile Ltd.	260,000	812,395	613,479
CLP Holdings Limited	620,000	2,396,003	2,711,156
Canon Inc.	50,000	1,226,353	2,294,399
Denso Corporation	115,000	1,743,740	1,822,569
Eisai Co. Ltd.	56,300	1,108,049	1,158,118
Foster's Group Ltd.	739,972	1,817,870	2,089,265
Fuji Photo Film Co.	63,000	2,384,574	1,820,612
Fuji Machine Mfg. Co.	41,900	1,141,352	485,039
Fujisawa Pharmaceutical Co.	78,000	1,774,426	1,461,587
Fanuc	38,300	1,638,171	1,897,856
Ace Ltd.	6,693	250,246	229,503
Arch Capital Group Ltd.	7,512	191,556	260,516
UTI Worldwide Inc.	10,501	327,166	323,956
XL Capital Ltd.	3,496	286,206	290,168
Hennes & Mauritz	77,400	1,362,438	1,779,099
Hirose Electric Co. Ltd.	18,500	1,904,331	1,529,919
Honda Motor Co. Ltd.	53,600	1,780,939	2,031,064
Hong Kong & China Gas	2,255,000	2,403,397	2,848,336
IHC Caland Nv	35,000	1,954,918	1,786,957
Ito-Yokado Co. Ltd.	44,000	2,257,552	1,053,508
Kao Corporation	85,000	1,866,671	1,582,136
Keyence Corporation	12,700	1,324,378	2,326,879
LVMH (Moet-Hennessy Louis Vui)	32,450	1,231,357	1,609,439
Lend Lease Corporation Ltd.	177,491	1,644,440	993,937
Mitsubishi Toyko Financial	208	2,609,387	940,612
Millea Holdings Inc.	213	2,204,075	1,628,432
Mitsubishi Estate Co. Ltd.	262,000	2,423,866	1,773,941
Murata Manufacturing Co. Ltd.	13,600	894,557	534,599
Verisity Ltd.	37,479	373,046	444,876
Nokia	37,000	144,035	609,295
Ntt Domco Inc.	635	1,275,912	1,374,974
Nikko Securities Co. Ltd.	273,000	2,264,043	1,095,865
Ntt Corp.	290	1,998,091	1,137,539
Novo Nordisk	61,700	1,501,675	2,159,943

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2003

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Hellenic Telecommunication Organization	116,000	1,810,731	1,372,056
Reckitt Benckiser Plc.	97,700	1,847,540	1,794,034
Rohm Company	14,200	1,262,839	1,548,016
Scottish & Newcastle Plc.	179,100	1,585,869	1,083,153
Shell Transport and Trading Co.	335,000	2,053,603	2,211,185
Sanofi-Synthelabo SA	31,500	1,863,239	1,844,834
Secom	33,000	1,280,446	967,395
Shin-Etsu Chemical Co.	58,000	1,155,693	1,980,429
Sony Corp.	18,600	836,085	523,573
Total Fina Elf SA	11,500	1,555,859	1,737,922
Television Francaise	47,070	1,620,925	1,448,624
Takeda Chemical Inds	42,000	967,052	1,549,532
UCB SA	58,700	1,706,851	1,608,367
Volkswagen	33,000	1,792,145	1,394,943
Woodside Petroleum Ltd.	400,000	1,944,934	3,321,060
Yamanouchi Pharmaceutical	63,700	1,546,288	1,660,471
			<u>\$ 81,548,422</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF SHORT TERM INVESTMENTS
JUNE 30, 2003

<u>Automatic Sweep Vehicles</u>	
Northern Trust Collective Government STIF	\$ <u>89,890,218</u>
TOTAL AUTOMATIC SWEEP VEHICLES	<u>89,890,218</u>
U.S. Treasury Bill	<u>164,939</u>
FNMA Discount Note	<u>20,000,000</u>
<u>Commercial Paper</u>	
American Express Cr. Corp.	7,907,605
American General Finance	4,998,778
General Electric Cap. Corp.	<u>11,046,624</u>
TOTAL COMMERCIAL PAPER	<u>23,953,007</u>
TOTAL SHORT TERM INVESTMENTS	\$ <u><u>134,008,164</u></u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF REAL ESTATE HELD FOR INVESTMENT
JUNE 30, 2003

	<u>Cost</u>	<u>Fair Value</u>
Real Estate Held for Investment	\$ <u>2,264,916</u>	\$ <u>1,700,000</u>

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2003

EXPENSES:	
Salaries	\$ 1,471,512
Overtime pay	16,697
Related benefits	167,358
Student labor	8,959
Compensation - board	7,875
Total expenses	<u>1,672,401</u>
OPERATING EXPENSES:	
Professional improvement - staff and board	10,762
Travel - board	15,656
Travel - staff	49,641
Total operating expenses	<u>76,059</u>
OPERATING SERVICES:	
Printing	44,891
Equipment maintenance	49,132
Building expense	200,110
Dues	5,646
Postage	96,099
Telephone	44,418
Insurance	3,450
Legal	17,560
Total operating services	<u>461,306</u>
SUPPLIES:	
Office	27,090
Computer	47,796
Total supplies	<u>74,886</u>
PROFESSIONAL SERVICES:	
Medical	4,760
Actuary	41,384
Audit	24,475
Total professional services	<u>70,619</u>
INTERAGENCY TRANSFERS:	
Secretary of State	3,773
Civil Service	5,008
Total interagency transfers	<u>8,781</u>
OTHER CHARGES:	
Legiscon	2,850
Miscellaneous expenses	15,442
Computer software	22,362
Total other charges	<u>40,654</u>
TOTAL EXPENSES	<u>\$ 2,404,706</u>



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112

(504) 586-8866

FAX (504) 525-5888

cpa@dhhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

August 26, 2003

Board of Trustees
State of Louisiana School
Employees' Retirement System
Baton Rouge, Louisiana

Board of Trustees:

We have audited the financial statements of the State of Louisiana School Employees' Retirement System (Plan), a component unit of the State of Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Louisiana School Employees' Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management in a separate letter dated August 26, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Louisiana School Employees' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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August 26, 2003

Board of Trustees
State of Louisiana
School Employees' Retirement System
Baton Rouge, LA 70804-4516

In planning and performing our audit of the financial statements of the School Employees' Retirement System for the year ended June 30, 2003, we considered the System's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be a material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operation that we consider to be a material weakness as defined above.

We noted an immaterial instance of noncompliance with laws and regulations, which we felt should be presented to management.

During the current year audit, it was discovered that School Employees' Retirement System did not follow the state travel guidelines for meals, mileage, and parking on one convention tested. The System paid in excess of the state travel policy for meals, mileage, and parking. Paying in excess of the allowances for meals, mileage, and parking is in violation of the state travel policy. We recommend that the System obtain an Attorney General's opinion to determine whether the System is subject to the state travel guidelines.

We will review the status of this comment during our next audit engagement. We have discussed this with System personnel, and we will be pleased to discuss these comments in further detail, at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information and use of the School Employees' Retirement System, its management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



William G. Stamm, CPA
Partner

WGS/ct



DIRECTOR
Patrick Cosper

ASSISTANT DIRECTOR
Debra H. Dudley

State of Louisiana
SCHOOL EMPLOYEES' RETIREMENT SYSTEM

P.O. BOX 44516
BATON ROUGE, LOUISIANA 70804-4516
Telephone: (225) 925-6464
http://www.lsers.state.la.us

September 29, 2003

BOARD OF TRUSTEES

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Board Chairman
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Rayville, LA 71269

Boyd Zeke Zitzmann
1st Retirement District
P.O. Box 65
St. Bernard, LA 70085

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Vice-Chair Pro-Tem
2nd Retirement District
8841 Darby Avenue
Baton Rouge, LA 70806

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4th Retirement District
3531 Arvilla Lane
Lake Charles, LA 70605

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285 Murt Stewart Road
Bogalusa, LA 70427

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9825 US Hwy. 167
Abbeville, LA 70510

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2505 Highway 1187
Mandeville, LA 71350

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Chairman, Senate
Retirement Committee

Pete Schneider
Chairman, House
Retirement Committee

GENERAL COUNSEL
R. Randall Roche

EXECUTIVE SERVICES
ASSISTANT
Michelle Reeves

Grover Austin
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Management Letter

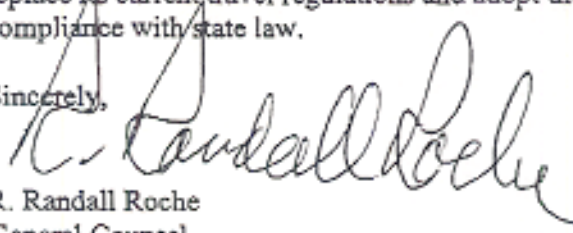
Dear Mr. Austin:

In our annual audit, our auditors have determined that the system pays for meals, mileage, and parking in excess of the rates authorized by the state travel policy. It is alleged that such is in violation of the state travel policy.

LSERS developed its own travel policy some years ago based upon the fact that the trustees were elected to their positions on the board, and the fact that the system operated from self generated funds. These regulations followed the state travel regulations in general, but the actual allowable expense rates were based upon the Federal IRS regulations for business travel, as these rates are adjusted yearly, if not more frequently based upon oil prices, inflation, and other factors. This travel policy was not adopted to circumvent any state laws or regulations, but only to provide a consistent policy that was automatically adjusted in accordance with real world factors affecting the true price of travel, which was outside of the control of the board of trustees or its staff.

If in fact LSERS is subject to the state travel policy, the board of trustees will replace its current travel regulations and adopt the state travel policy to be in compliance with state law.

Sincerely,


R. Randall Roche
General Counsel.

Cc: Board of Trustees
Patrick Cosper, Director

Include social security number and current address on all correspondence



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HOGAN & MAHER, L.L.P.

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August 26, 2003

Legislative Auditor
Engagement Processing
Post Office Box 94397
Baton Rouge, LA 70804-9373

Dear Sir or Madam:

SCHEDULES AND DATA COLLECTION FORM
SECTION 1: SUMMARY OF AUDITOR'S REPORTS

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the State of Louisiana School Employees' Retirement System as of and for the year ended June 30, 2003 and have issued our report thereon dated August 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit as of June 30, 2003 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING:

Internal Control:

Material weaknesses – none noted
Reportable conditions – none noted

Compliance:

Noncompliance material to financial statements - none noted

Management Letter:

See current year finding 03-01.

C. FEDERAL AWARDS

N/A

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

03-01 Travel Policy

During the current year audit, It was discovered that the School Employees' Retirement System did not follow the state travel guidelines for meals, mileage, and parking on one convention tested. The System paid in excess of the state travel policy for meals, mileage, and parking. Paying in excess of the allowances for meals, mileage, and parking is in violation of the state travel policy. We recommend that the System obtain an Attorney General's opinion to determine whether the System is subject to the state travel guidelines.

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

None