

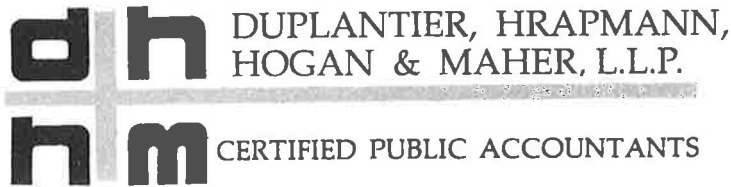
REPORT
STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2004 AND 2003

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
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JUNE 30, 2004 AND 2003

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INDEPENDENT AUDITOR'S REPORT

August 20, 2004

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, 2004 and 2003, 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, 2004 and 2003, 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.

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, 2004 and 2003 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 25 - 71 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, 1999 - 2004 and supplemental schedules for the years ending June 30, 2004 and 2003, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2004 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, Chapman, Hogan and Parker, LLP

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

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 \$157,897,575, a 215 percent increase over the net investment income of \$50,126,072 at June 30, 2003. This net investment income is due to more favorable returns in the markets as compared to one year ago.
- * Total contributions decreased by \$2,500,580 or 5 percent. This decrease is mainly the result of the elimination of approximately 400 maintenance employees due to privatization by a major employer.
- * Other operating revenues increased from zero to \$204,178 due to an increase in transfers in to LSERS from other systems.
- * The employer credit expense decreased by \$24,238,157 or 80 percent due to depletion of the Employer Credit Account.
- * Other operating expenses decreased by \$239,217 or 61 percent due to a decrease in the number of transfers from LSERS to other systems.
- * Refunds of member contributions increased by \$1,446,097 or 60 percent due to the privatization of jobs by the East Baton Rouge Parish School System.

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, 2004 and June 30, 2003.

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

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.

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.

Statement of Plan Net Assets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash	\$ 6,533,638	\$ 13,294,279
Receivables	40,348,382	67,613,139
Investments	1,650,772,606	1,541,631,400
Property and equipment	<u>3,857,021</u>	<u>3,982,246</u>
Total Assets	<u>1,701,511,647</u>	<u>1,626,521,064</u>
Total Liabilities	<u>266,725,850</u>	<u>282,330,295</u>
Net Assets Held In Trust For Pension Benefits	<u>\$1,434,785,797</u>	<u>\$1,344,190,769</u>

Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Additions:		
Contributions	\$ 47,681,208	\$ 50,181,788
Investment Gain	157,897,575	50,126,072
Other	<u>204,178</u>	<u>--</u>
Total Additions	<u>205,782,961</u>	<u>100,307,860</u>
Total Deductions	<u>115,187,933</u>	<u>133,114,697</u>
Change in Plan Net Assets	<u>\$ 90,595,028</u>	<u>\$ (32,806,837)</u>

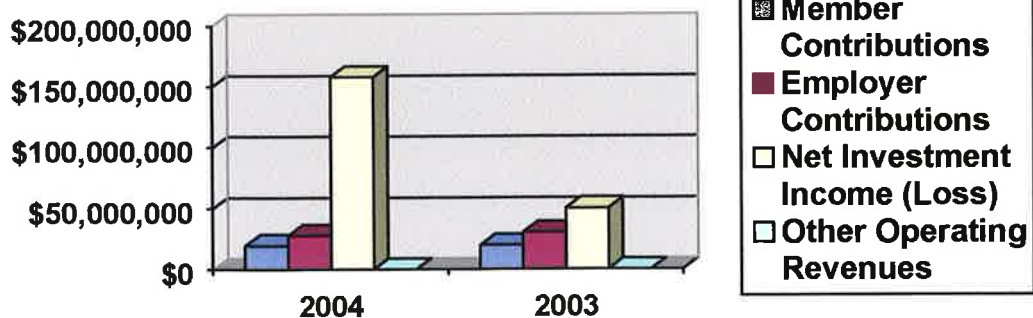
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

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 decreased \$2,356,422 or eight percent while employee contributions decreased \$144,158 or one percent. The decrease in employer and employee contributions is primarily due to the privatization of maintenance employees by a major employer. The System experienced a net investment income of \$157,897,575 for the fiscal year ending June 30, 2004 as compared to a net investment income of \$50,126,072 for fiscal year ending June 30, 2003. This 215 percent increase in investment income is due to more favorable market returns for this year.

<u>Additions to Assets</u>	2004	2003	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	\$ 19,676,052	\$ 19,820,210	\$ (144,158)	(1%)
Employer Contributions	28,005,156	30,361,578	(2,356,422)	(8%)
Net Investment Income (Loss)	157,897,575	50,126,072	107,771,503	215%
Other Operating Revenues	<u>204,178</u>	<u>-0-</u>	<u>204,178</u>	<u>N/A</u>
Total	<u>\$205,782,961</u>	<u>\$100,307,860</u>	<u>\$ 105,475,101</u>	

Additions to Plan Net Assets

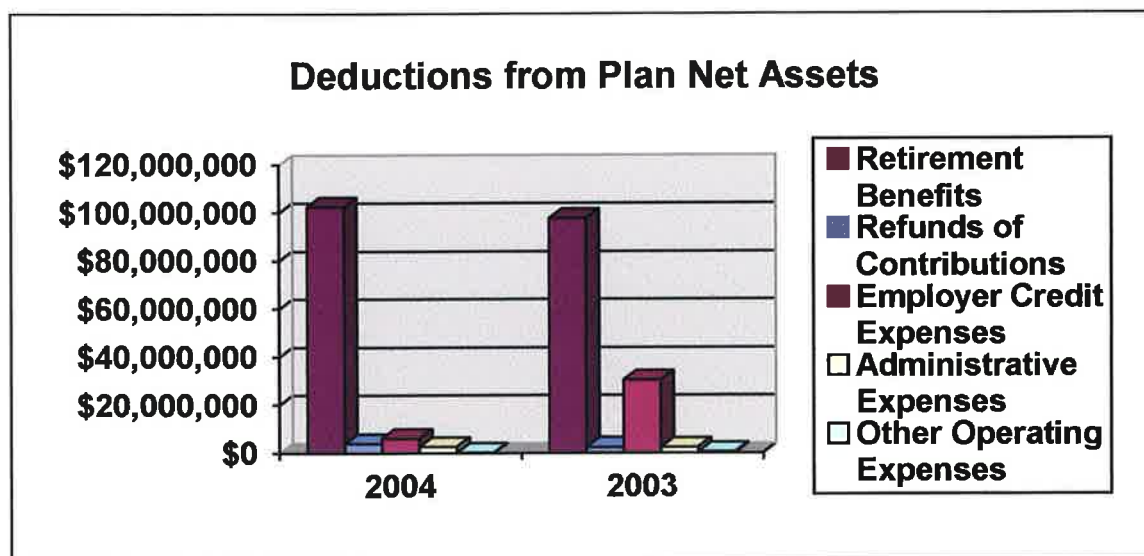


LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

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 \$115,187,933 in fiscal year 2004. This is a decrease of \$17,926,764, primarily due to the decrease in the Employer Credit expense. The decrease in the Employer Credit expense is due to the depletion of the Employer Credit Account. The cost of administering LSERS benefits per member during 2004 was \$105 per individual as compared to \$97 per individual in 2003.

<u>Deductions from Assets</u>	2004	2003	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement Benefits	\$102,474,273	\$ 97,597,894	\$ 4,876,379	5%
Refunds of Contributions	3,866,339	2,420,242	1,446,097	60%
Employer Credit Expenses	6,064,685	30,302,842	(24,238,157)	(80%)
Administrative Expenses	2,632,840	2,404,706	228,134	9%
Other Operating Expenses	<u>149,796</u>	<u>389,013</u>	<u>(239,217)</u>	<u>(61%)</u>
Total	<u>\$115,187,933</u>	<u>\$133,114,697</u>	<u>\$ (17,926,764)</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, 2004 amounted to \$1,444,177,090 as compared to \$1,331,121,831 at June 30, 2003, which is an increase of \$113 million

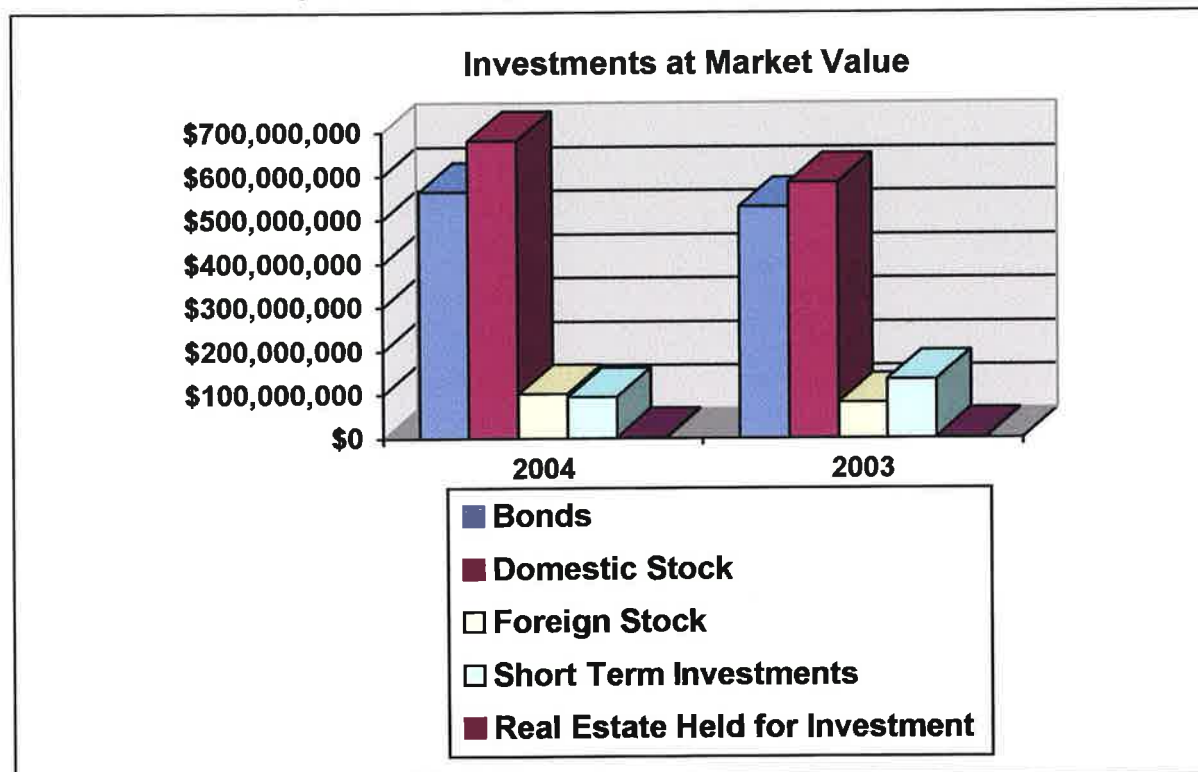
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Investments (Continued)

or eight percent. This eight percent increase is an improvement over the three percent decrease experienced during the year ending June 30, 2003.

This improvement is a result of more favorable returns in the markets for the 2004 fiscal year. LSERS investments in various markets at the end of the 2004 and 2003 fiscal years are indicated in the following table:

<u>Investments</u>	2004	2003	Increase (Decrease) Amount	Increase (Decrease) Percentage
Bonds	\$ 564,303,168	\$ 529,228,071	\$ 35,075,097	7%
Domestic Stock	681,964,644	584,637,174	97,327,470	17%
Foreign Stock	101,319,844	81,548,422	19,771,422	24%
Short Term Investments	94,889,434	134,008,164	(39,118,730)	(29%)
Real Estate Held for Investment	<u>1,700,000</u>	<u>1,700,000</u>	<u>0</u>	<u>0%</u>
Total	<u>\$1,444,177,090</u>	<u>\$1,331,121,831</u>	<u>\$113,055,259</u>	



REQUESTS FOR INFORMATION

Questions concerning any of the information provided or request 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, 2004 AND 2003

	<u>ASSETS</u>	
	<u>2004</u>	<u>2003</u>
CASH:		
In bank	\$ 6,533,638	\$ 13,294,279
RECEIVABLES: (Notes 1 and 3)		
Member contributions	2,929,947	2,703,638
Employer contributions	3,191,328	-
Accrued interest and dividends	5,858,992	5,568,647
Investment receivable	28,367,749	59,338,127
Other	366	2,727
Total receivables	<u>40,348,382</u>	<u>67,613,139</u>
INVESTMENTS, AT FAIR VALUE:		
(Notes 1, 5, 6, and 7) (Pages 31 - 70)		
U.S. Government and agency obligations	87,526,266	97,611,243
Bonds - domestic and foreign ✓	476,776,902	431,616,828
Marketable securities - domestic	681,964,644	584,637,174
Marketable securities - foreign	101,319,844	81,548,422
Collateral held under securities lending program	206,595,516	210,509,569
Short-term investments	94,889,434	134,008,164
Real estate held for investment ✓	1,700,000	1,700,000
Total investments	<u>1,650,772,606</u>	<u>1,541,631,400</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	955,250	930,679
	<u>5,485,082</u>	<u>5,460,511</u>
Less accumulated depreciation	1,628,061	1,478,265
Total property and equipment	<u>3,857,021</u>	<u>3,982,246</u>
Total assets	<u>1,701,511,647</u>	<u>1,626,521,064</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	950,781	795,508
Accrued expenses and benefits	259,463	226,668
Obligations under securities lending program (Notes 5 and 6)	206,595,516	210,509,569
Investment payable	58,920,090	70,798,550
Total liabilities	<u>266,725,850</u>	<u>282,330,295</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 1,434,785,797	\$ 1,344,190,769
(A schedule of funding progress for the Plan is presented on Page 25)		

See accompanying notes.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ADDITIONS:		
Contributions: (Notes 1 and 3)		
Member contributions	\$ 19,676,052	\$ 19,820,210
Employer contributions	28,005,156	30,361,578
Total contributions	<u>47,681,208</u>	<u>50,181,788</u>
Investment Income: (Note 1)		
Net appreciation in fair value of investments	119,494,057	6,419,945
Interest	28,932,374	35,193,136
Securities lending income	2,261,324	2,542,109
Dividends	12,081,835	10,540,876
Real estate income	280,313	280,407
Foreign currency exchange gain	5,883	-
	<u>163,055,786</u>	<u>54,976,473</u>
Less Investment Expense:		
Investment advisory fee	2,906,037	2,362,111
Custodian and bank fees	230,425	179,254
Foreign currency exchange loss	-	3,768
Securities lending expense	1,884,022	2,205,213
Real estate expense	137,727	100,055
	<u>5,158,211</u>	<u>4,850,401</u>
Net investment gain	<u>157,897,575</u>	<u>50,126,072</u>
Other Additions:		
Transfers from other systems - employee	20,711	-
Transfers from other systems - employer and interest	183,467	-
	<u>204,178</u>	<u>-</u>
Total additions	<u>205,782,961</u>	<u>100,307,860</u>
DEDUCTIONS:		
Retirement benefits paid	102,474,273	97,597,894
Refunds of contributions	3,866,339	2,420,242
Employer contribution refund	6,064,685	30,302,842
Administrative expenses (Page 71)	2,632,840	2,404,706
Depreciation expense	149,796	163,821
Transfer to other systems - employee	-	20,326
Transfer to other systems - employer and interest	-	204,866
Total deductions	<u>115,187,933</u>	<u>133,114,697</u>
NET INCREASE (DECREASE)	<u>90,595,028</u>	<u>(32,806,837)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,344,190,769	1,376,997,606
END OF YEAR	<u>\$ 1,434,785,797</u>	<u>\$ 1,344,190,769</u>

See accompanying notes.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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 provisions 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, 2004 AND 2003

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, 2004, the local government contributors consisted of 67 school boards and 23 other agencies contributing to the Plan. For the year ended June 30, 2003, the local government contributors consisted of 67 school boards and 22 other agencies contributing to the Plan.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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, 2004 and 2003 plan membership consisted of:

	<u>2004</u>	<u>2003</u>
Retirees and beneficiaries currently receiving benefits	10,355	10,068
Terminated employees entitled to benefits but not yet receiving them	418	61
Terminated vested employees who have not withdrawn contributions (DROP)	784	792
Fully vested, partially and nonvested active employees	<u>14,212</u>	<u>14,486</u>
TOTAL PARTICIPANTS	<u><u>25,769</u></u>	<u><u>25,407</u></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, 2004 AND 2003

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, 2004 AND 2003

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, 2004 and 2003. 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 years ended June 30, 2004 and 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, 2003, the account had a balance of \$5.9 million which was available to offset future required employer contributions. During the year the account funded 2.7% of the required employer contributions. As of June 30, 2004, the account had a balance of \$0.

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, 2004 AND 2003

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, 2004 and 2003 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, 2004 and 2003 is \$140,874,673 and \$142,839,419, 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, 2004 and 2003 is \$655,592,936 and \$630,753,707, respectively. The Pension Accumulation Fund is 41% funded at June 30, 2004 and 38% funded at June 30, 2003.

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, 2004 and 2003 is \$874,493,668 and \$815,267,186, respectively. The Survivors Benefit Reserve as of June 30, 2004 and 2003 is \$98,073,175 and \$94,827,728, respectively. Both Reserves are fully funded.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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, 2004 and 2003 is \$51,538,322 and \$46,726,125, 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, 2004 and 2003 is \$385,903 and \$382,583, 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, 2003, the Employer Credit Account had a balance of \$5,906,266 which was available to offset future required employer contributions. During the year, the account funded \$6,064,685 of employer contributions. It increased by interest in the amount of \$158,419. The balance as of June 30, 2004 is \$-0-.

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, 2004 AND 2003

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Following are the components of the Plan's deposits, cash equivalents and investments at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Deposits (bank balance)	\$ 6,713,165	\$ 12,471,729
Cash equivalents	94,889,434	134,008,164
Investments	<u>1,555,883,172</u>	<u>1,407,623,236</u>
	<u>\$ 1,657,485,771</u>	<u>\$ 1,554,103,129</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, 2004 and 2003, cash equivalents in the amount of \$74,724,546 and \$133,843,225, 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, 2004 and 2003, cash equivalents in the amount of \$20,164,888 and \$164,939, respectively, consist of U. S. Treasury Bills 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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The Plan's investment policy states that no more than 5 percent of the total stock portfolio valued at cost or 7% valued at market may be invested in the common stock of any one organization. In addition, no more than 10% at cost of the total long-term debt portfolio at cost may be invested in any one issuer's securities. There were no investments in any one organization which represented 5% of total investments at June 30, 2004 and 2003.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Plan's investments in long-term debt securities as of June 30, 2004 (U.S. Government and Agency obligations totaling \$87,526,266 are not rated). Below is a schedule of other bonds with their applicable rating.

	Corporate bonds	Mortgage-backed securities	Collateralized mortgage obligations	Other	Foreign government bonds	Total
AAA	\$ 8,187,908	\$ 11,073,779	\$ 45,849,488	\$ 2,704,447	\$	\$ 67,815,622
AA-				308,387		308,387
A+	39,197,983					39,197,983
A	24,487,439			663,882		25,151,321
A-	32,997,044					32,997,044
BBB+	34,194,644			3,449,551		37,644,195
BBB	43,103,007			1,053,396	424,200	44,580,603
BBB-	19,180,324			5,513,403	219,975	24,913,702
BB+	237,455				3,070	240,525
BB	607,160			91,303		698,463
B+	1,015,000					1,015,000
Not rated		171,240,440	30,973,617			202,214,057
	<u>\$ 203,207,964</u>	<u>\$ 182,314,219</u>	<u>\$ 76,823,105</u>	<u>\$ 13,784,369</u>	<u>\$ 647,245</u>	<u>\$ 476,776,902</u>

The Plan's investment policy limits its investments to corporate debt issues rated the equivalent of A or better by Moody's Investor Services, Standard & Poor's, Fitch Investor Services, or Duff & Phelps. Also, corporate debt issues rated Baa or BBB may be acquired and/or held up to a maximum of no more than 25% of the portfolio allocated to any one money manager.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk (Continued)

Cash collateral invested under the securities lending program may be invested in regulated investment companies, U.S. or Eurodollar deposits, commercial paper rated A2, P2 or higher at the time of investment, repurchase agreements, bankers' acceptances or similar quality money market or cash equivalent investments.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan is not exposed to custodial credit risk at June 30, 2004 for investments in the amount of \$1,444,177,090 since the investments are in the name of the Plan. At June 30, 2004, for collateral held under securities lending in the amount of \$206,595,516 and non cash collateral received under the securities lending program in the amount of \$15,719,498, the Plan is exposed to custodial credit risk since these investments are not in the name of the Plan. The Plan has no formal investment policy regarding custodial credit risk.

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2004 as follows:

<u>Currency</u>	<u>Fair Value</u> <u>(U.S. Dollars)</u>
Australian dollar	\$ 5,901,722
European euro	19,159,134
Canadian dollar	1,040,022
Hong Kong dollar	12,068,450
Danish krone	3,176,274
Japanese yen	47,393,053
Swedish krona	1,998,460
British pound	<u>10,582,729</u>
Total	<u>\$ 101,319,844</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foreign Currency Risk (Continued)

The Plan's investment policy has a target of 7 percent of total investments in foreign marketable securities. At June 30, 2004, the Plan's current position is 7 percent.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2004, the Plan had the following investments in long-term debt securities and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
U.S. Government and Government Agency Obligations	\$ 87,526,266	\$ _____	\$ 24,388,223	\$ 28,639,751	\$ 34,498,292
Other Bonds:					
Corporate Bonds	\$ 203,207,964	\$ 1,030,140	\$ 60,197,596	\$ 101,747,709	\$ 40,232,519
Mortgage-backed securities	182,314,219		1,987,578	15,257,121	165,069,520
Collateralized mortgage obligations	76,823,105		7,786,389	13,057,201	55,979,515
Other	13,784,369		2,078,110	5,336,471	6,369,788
Foreign government bonds	647,245			424,200	223,045
	<u>\$ 476,776,902</u>	<u>\$ 1,030,140</u>	<u>\$ 72,049,673</u>	<u>\$ 135,822,702</u>	<u>\$ 267,874,387</u>
Collateral Held Under Securities Lending Program	\$ 206,595,516	\$ 206,595,516	\$ _____	\$ _____	\$ _____

As a means of limiting its exposure to fair value losses arising from rising interest rates, no more than 3 percent of the Plan's investment portfolio may have stated maturities in excess of 30 years.

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

For the year ended June 30, 2003, 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 investment for which the securities are held by the broker's or dealer's 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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments: (Continued)

	<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>	

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 U.S. government and government agency 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

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

7. FUTURES:

The Plan has entered into futures contracts for the purpose of maintaining market exposure for excess cash. At June 30, 2004 and 2003, the Plan had three and four outstanding S&P future contracts, respectively. The notional value of the open contracts at June 30, 2004 and 2003 was \$848,137 and \$999,325, respectively. The fair value of the open contracts at June 30, 2004 and 2003 was \$855,300 and \$973,300, 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, 2004 and 2003, the Plan realized net gains and losses of \$174,222 and \$(5,027), respectively, on futures trading. The net gains and losses are recorded on the financial statements in net appreciation 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	930,679	24,571	-	955,250
Accumulated depreciation	<u>(1,478,265)</u>	<u>-</u>	<u>(149,796)</u>	<u>(1,628,061)</u>
	<u>\$ 3,982,246</u>	<u>\$ 24,571</u>	<u>\$ (149,796)</u>	<u>\$ 3,857,021</u>

Depreciation expense for the years ended June 30, 2004 and 2003 was \$149,796 and \$163,821, respectively.

10. SUPPLEMENTARY INFORMATION:

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

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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 2 years and in the aggregate are:

<u>JUNE 30</u>	
2005	\$ 280,313
2006	<u>93,441</u>
	<u>\$ 373,754</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, 1999 THROUGH 2004

<u>Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Surplus) Underfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
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
2004	1,381,154	1,820,958	439,804	75.8	259,698	169.4

* 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, 1999 THROUGH 2004

Year Ended <u>June 30</u>	<u>Actuarially Required Contribution</u>	<u>Percentage Contributed</u>
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
2004	47,222,922	59.30

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 1999-2001. 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.

For the year ending June 30, 2004, the actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO SCHEDULE OF FUNDING PROGRESS AND
 SCHEDULE OF CONTRIBUTIONS
JUNE 30, 1999 THROUGH 2004

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, 2004 follows:

Valuation date	June 30, 2004
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	25 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.

<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>
\$ 382,583	\$ 630,753,707	\$ -	\$ 5,906,266	\$ (392,512,245)	\$ 1,344,190,769
-	-	-	-	-	19,676,052
-	28,005,156	-	-	-	28,005,156
-	157,739,156	-	158,419	-	157,897,575
-	-	-	-	-	17,795,170
418,398	-	-	-	-	15,126,485
-	183,467	-	-	-	204,178
-	-	2,632,840	-	-	2,632,840
-	-	-	-	-	-
-	-	-	-	6,339,365	158,305,914
<u>418,398</u>	<u>185,927,779</u>	<u>2,632,840</u>	<u>158,419</u>	<u>6,339,365</u>	<u>399,643,370</u>
415,078	-	-	-	-	102,474,273
-	-	-	-	-	3,866,339
-	-	-	-	-	17,795,170
-	-	-	-	-	-
-	-	-	-	-	14,708,087
-	-	-	-	-	418,398
-	-	-	6,064,685	-	6,064,685
-	-	-	-	-	-
-	149,796	-	-	-	149,796
-	-	2,632,840	-	-	2,632,840
-	2,632,840	-	-	-	2,632,840
-	158,305,914	-	-	-	158,305,914
<u>415,078</u>	<u>161,088,550</u>	<u>2,632,840</u>	<u>6,064,685</u>	<u>-</u>	<u>309,048,342</u>
<u>3,320</u>	<u>24,839,229</u>	<u>-</u>	<u>(5,906,266)</u>	<u>6,339,365</u>	<u>90,595,028</u>
\$ <u>385,903</u>	\$ <u>655,592,936</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(386,172,880)</u>	\$ <u>1,434,785,797</u>

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

	Pension Reserve	Survivor Benefit	Annuity Savings	DROP
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 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	-	-	-	-
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	-	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
 SCHEDULE OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

<u>TRUSTEE</u>	NUMBER OF <u>MEETINGS</u>	<u>JUNE 30, 2004</u>		<u>TOTAL</u>
		<u>AMOUNTS</u>		
		<u>MEETINGS</u>	<u>TRAVEL</u>	
Jeffrey Faulk	15	\$ 1,125	\$ 750	\$ 1,875
Betty Crain	15	1,125	1,092	2,217
Betty Jacobs	14	1,050	-	1,050
Sylvia Myers	13	975	1,102	2,077
Joe Seymour	15	1,125	1,773	2,898
Boyd Zitzmann	8	600	684	1,284
Larry Wilmer	12	900	829	1,729
Earl Richard	7	<u>525</u>	<u>539</u>	<u>1,064</u>
TOTALS		<u>\$ 7,425</u>	<u>\$ 6,769</u>	<u>\$ 14,194</u>

<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>

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, 2004

<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	8.875 %	2/15/19	\$ 250,000	\$ 346,173
U S Treasury	7.875	2/15/21	4,080,000	5,267,035
U S Treasury	6.000	2/15/26	8,080,000	8,706,200
U S Treasury	5.375	2/15/31	20,010,000	20,178,884
U S Treasury	5.000	2/15/11	710,000	743,285
U S Treasury	5.000	8/15/11	3,815,000	3,983,089
U S Treasury	3.125	5/15/07	390,000	390,000
U S Treasury	3.875	5/15/09	6,550,000	6,572,532
U S Treasury	4.750	5/15/14	16,660,000	16,831,765
U S Treasury	4.000	6/15/09	8,925,000	9,000,327
U S Treasury	2.750	6/30/06	250,000	250,158
FNMA 4.125%	4.125	4/15/14	7,700,000	7,081,613
FNMA 4.25%	4.250	5/15/09	8,165,000	8,175,206
TOTAL U.S. GOVERNMENT OBLIGATIONS			\$ <u>85,585,000</u>	\$ <u>87,526,266</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2004

	Interest		Par Value	Fair Value
	Rate	Due Date		
CORPORATE BONDS:				
AOL Time Warner Inc	7.625	4/15/31	\$ 1,000,000	\$ 1,082,140
AOL Time Warner Inc	7.700	5/1/32	65,000	71,007
Alcoa Inc	6.500	6/1/11	500,000	545,085
Alistate Corp	6.125	2/15/12	6,000,000	6,394,800
Altria Group Inc	5.625	11/4/08	2,000,000	2,008,700
Amerada Hess Corp	7.125	3/15/33	850,000	847,297
American General Finance	6.100	5/22/06	750,000	790,283
Appalachian Power Co	1.930	6/29/07	1,695,000	1,694,000
Arch Capital Group	7.350	5/1/34	830,000	835,495
Arrow Electronics	6.875	7/1/13	105,000	109,679
Assured Guaranty Us Hldg	7.000	6/1/34	1,005,000	1,022,618
Autozone Inc	4.375	6/1/13	4,000,000	3,628,520
Bank Of America Corp	4.875	1/15/13	5,000,000	4,859,050
Bank Of America Corp	4.375	12/1/10	750,000	730,995
Bard C R Inc	6.700	12/1/26	4,500,000	4,838,490
Bellsouth Telecommunication	6.375	6/1/28	750,000	741,870
Boeing Co	7.950	8/15/24	3,300,000	4,025,934
British Telecom Plc	8.875	12/15/30	570,000	703,203
Bunge Ltd Finance Corp	4.375	12/15/08	1,095,000	1,079,079
Burlington North Santa Fe	6.125	3/15/09	5,000,000	5,294,300
Cit Group Inc	4.750	12/15/10	6,000,000	5,887,440
CRH America Inc	5.300	10/15/13	270,000	264,751
Carolina Power & Light	5.125	9/15/13	3,000,000	2,954,040
Coca-Cola Enterprises	6.950	11/15/26	750,000	824,235
Conagra Inc	6.750	9/15/11	4,000,000	4,382,800
Conocophillips	4.750	10/15/12	6,000,000	5,863,200
Cox Communications	7.750	11/1/10	4,000,000	4,534,280
Daimler Chrysler	1.880	5/24/06	2,735,000	2,742,658
John Deere Capital Corp	3.900	1/15/08	5,000,000	4,997,600
Delphi Trust Ii	6.197	11/15/33	605,000	607,160
Delta Air Lines	1.870	1/25/08	1,845,904	1,856,168
Deutsche Telekom Int Fin- Global	8.750	6/15/30	560,000	681,598
Devon Energy Corp	7.950	4/15/32	250,000	288,770
Dime Capital Trust 1	9.330	5/6/27	1,085,000	1,263,895
Dow Chemical	6.000	10/1/12	5,000,000	5,166,650

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2004

	Interest		Par Value	Fair Value
	Rate	Due Date		
CORPORATE BONDS: (Continued)				
ERP Operating LP	6.630	4/13/05	\$ 1,000,000	\$ 1,030,140
Entergy Gulf States	5.250	8/1/15	915,000	865,197
Fedex Corp	7.250	2/15/11	3,000,000	3,365,910
First Data Corporation	3.375	8/1/08	4,000,000	3,898,360
Firstenergy Corp	6.450	11/15/11	230,000	238,455
Ford Motor Company Global Landmark Secs	7.450	7/16/31	230,000	219,241
Ford Motor Credit Co	5.800	1/12/09	800,000	807,520
Ford Motor Credit Co	5.625	10/1/08	5,000,000	5,043,500
Gatx Financial Corp	6.000	11/19/08	1,165,000	1,183,722
General Dynamics Corp	4.500	8/15/10	5,750,000	5,722,860
General Electric Capital Corp	6.000	6/15/12	6,000,000	6,331,740
General Motors Acceptance Corporation	6.875	9/15/11	900,000	922,770
General Motors Acceptance Corporation	6.875	8/28/12	455,000	462,853
General Motors Acceptance Corporation	1.995	5/18/06	885,000	886,655
General Motors Acceptance Corporation	8.375	7/15/33	1,230,000	1,301,943
Goldman Sachs Group Inc	7.350	10/1/09	1,000,000	1,123,060
Hertz Corp	7.625	8/15/07	330,000	353,674
Household Finance Corporation Nt	6.400	6/17/08	1,250,000	1,344,663
Household Finance Corp	4.750	5/15/09	5,000,000	5,027,700
IBM Corp	4.750	11/29/12	5,000,000	4,891,450
JPM Capital Trust I	7.540	1/15/27	1,225,000	1,297,385
J P Morgan Chase & Co	4.875	3/15/14	830,000	781,976
Kerr-Mcgee Corp	6.950	7/1/24	1,785,000	1,779,252
Kraft Foods Inc	6.250	6/1/12	5,000,000	5,264,950
Lehman Brothers Holdings	3.500	8/7/08	900,000	872,631
Liberty Media Corp	5.700	5/15/13	410,000	403,899
Marathon Oil Corp	6.125	3/15/12	5,000,000	5,275,600
Marsh & McLennan Cos Inc	4.850	2/15/13	5,000,000	4,799,100
Merrill Lynch & Co	3.125	7/15/08	1,250,000	1,200,013
Morgan Stanley	3.875	1/15/09	600,000	584,166
New Jersey Bell Telephone	7.850	11/15/29	1,000,000	1,137,360
Nisource Finance Corp	5.400	7/15/14	1,175,000	1,141,889
Oncor Electric Selivery	7.000	9/1/22	1,265,000	1,353,563
PNC Funding Corp	5.750	8/1/06	1,000,000	1,050,880
Pacific Gas & Electric	3.600	3/1/09	575,000	553,489
Pacific Gas & Electric	6.050	3/1/34	595,000	559,633
Petrobras	9.750	7/6/11	250,000	271,250
Phelps Dodge Corp	6.125	3/15/34	650,000	601,224

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2004

	Interest Rate	Due Date	Par Value	Fair Value
CORPORATE BONDS: (Continued)				
Progress Energy Inc	7.750	3/1/31	\$ 400,000	\$ 448,352
Progressive Corp	7.000	10/1/13	2,200,000	2,459,028
Prudential Financial Inc	4.750	4/1/14	585,000	545,202
Pulte Homes Inc	5.250	1/15/14	655,000	618,458
Safeco Capital Trust 1	8.072	7/15/37	290,000	317,243
Southwestern Public Service	5.125	11/1/06	800,000	825,432
Sprint Capital Corporation	6.875	11/15/28	750,000	720,938
Sprint Capital Corporation	8.375	3/15/12	385,000	442,492
Sprint Capital Corporation	8.750	3/15/32	340,000	396,195
TXU Corp	6.375	6/15/06	820,000	863,575
Target Corp	4.000	6/15/13	5,000,000	4,564,800
Time Warner Ent	8.375	7/15/33	1,100,000	1,287,627
Timco Aviation Services Inc.	8.000	1/2/07	625	33
Transocean Inc	6.950	4/15/08	2,150,000	2,362,356
Tyco Intl Group	6.125	1/15/09	3,000,000	3,184,950
USA Networks Inc	6.750	11/15/05	520,000	540,389
Union Pacific Resources	6.750	5/15/08	1,000,000	1,092,720
Valero Energy Corp	7.500	4/15/32	4,000,000	4,449,520
Valero Energy Corp	3.500	4/1/09	895,000	849,820
Virginia Electric & Power Co	8.625	10/1/24	3,500,000	3,683,890
Wachovia Bank Na	4.850	7/30/07	6,000,000	6,206,880
Washington Mutual	6.875	6/15/11	525,000	574,712
Waste Management Inc	5.000	3/15/14	625,000	594,044
Westar Energy Inc	7.875	5/1/07	910,000	1,001,683
Weyerhaeuser Company	7.500	3/1/13	5,000,000	5,601,450
Weyerhaeuser Company	7.375	3/15/32	250,000	271,858
Williams Companies Inc	7.125	9/1/11	1,000,000	1,015,000
XTO Energy Inc	4.900	2/1/14	165,000	155,359
Mizuho Finance (Cayman)	8.375	12/29/49	550,000	566,500
TOTAL CORPORATE BONDS			<u>196,931,530</u>	<u>203,207,964</u>
FOREIGN GOVERNMENT BONDS:				
Republic Of South Africa	6.500	6/2/14	420,000	424,200
United Mexican States	8.300	8/15/31	210,000	219,975
Russian Federation	5.000	3/31/30	315,000	3,070
TOTAL FOREIGN GOVERNMENT BONDS			<u>945,000</u>	<u>647,245</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2004

	Interest Rate	Due Date	Par Value	Fair Value
PRIVATE PLACEMENT / 144-A:				
Banco Nacional Com Ext	3.875	1/21/09	\$ 1,000,000	\$ 930,000
Bombardier Capital Inc	6.125	6/29/06	1,160,000	1,148,110
Bombardier Inc	7.450	5/1/34	200,000	164,680
Bunge Ltd Finance Corp	5.350	4/15/14	1,200,000	1,146,096
CNOOC Finance 2003 Ltd	5.500	5/21/33	335,000	272,539
Danske Bank A/S	5.914	12/16/49	655,000	663,882
HBOS PLC	5.375	11/1/13	320,000	308,387
Korea First Bank	7.267	3/3/34	95,000	91,303
Northern Rock	5.600	4/30/49	1,510,000	1,467,146
PCCW-HKTC Capital Ltd	8.000	11/15/11	610,000	677,777
Patrons' Legacy 2003-Iii	5.646	1/17/17	2,765,000	2,704,447
Pemex Proj Fdg Master Tr	2.900	6/15/10	2,115,000	2,124,518
Telecom Italia Capital	6.375	11/15/33	450,000	434,408
			<u>12,415,000</u>	<u>12,133,292</u>
TOTAL PRIVATE PLACEMENT / 144-A				
YANKEE BONDS:				
Canadian National Resources	6.450	6/30/33	565,000	571,385
Montprier Re Holdings	6.125	8/15/13	375,000	375,619
Precision Drilling Corp	5.625	6/1/14	700,000	704,074
			<u>1,640,000</u>	<u>1,651,077</u>
TOTAL YANKEE BONDS				
COLLATERALIZED MORTGAGE OBLIGATIONS:				
American Express Credit Account Master	1.210	11/16/09	1,000,000	1,001,640
Ameriquest Mortgage Securities Inc	4.640	10/25/33	1,005,000	976,327
Chase Commercial Mortgage Sec	7.543	7/15/32	2,382,092	2,579,186
Citibank Credit Card Issuance Trust	2.550	1/20/09	7,950,000	7,786,389
Citigroup Mortgage Loan Trust Inc	6.500	10/25/33	5,225,045	5,335,659
First Boston Mortgage Securities Corp	6.387	8/15/36	825,000	890,769
FNMA G92 - 53 J	7.000	9/25/22	628,604	667,401
FNMA 2001-T7	7.500	2/25/41	941,612	1,008,994
FNMA 7.5% 2001-T8	7.500	7/25/41	937,283	1,004,355
FNMA 2001-T10	7.000	12/25/41	440,109	465,195
FNMA 2001-51	6.000	10/25/16	4,150,000	4,286,992
FNMA 2002-T7	1.229	7/25/32	611,474	611,321
FNMA 2002-W11	1.290	11/25/32	422,978	423,337
FNMA 2002-T15	1.320	11/26/32	591,230	588,889

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2004

	Interest Rate	Due Date	Par Value	Fair Value
COLLATERALIZED MORTGAGE OBLIGATIONS: (Continued)				
FNMA 2002-T19	6.500	7/25/42	\$ 1,543,126	\$ 1,612,567
FNMA 2003-W2	7.000	7/25/42	709,960	752,111
FNMA 2003-W2	5.500	7/25/42	970,000	989,885
FNMA 2003-W13	1.240	10/25/33	965,000	965,164
FHLMC T-54-3A	7.000	2/25/43	693,951	733,000
FNMA 2003-W19	5.500	11/25/33	2,235,000	2,252,031
FNMA 2004-W2 2A2	7.000	2/25/44	1,741,897	1,841,987
FNMA 2004-26	4.500	9/25/25	1,000,000	1,013,250
FNMA 2004-35	4.500	1/25/20	7,802,556	7,905,003
FNMA 2004-33	4.500	1/25/30	890,000	821,406
FNMA 2725	4.500	2/15/31	900,000	872,199
FNMA 2743	5.000	6/15/27	1,125,000	1,127,002
FHLMC 2773	4.500	8/15/13	1,025,000	1,031,529
Green Tree Financial Corp	6.900	7/15/18	72,968	73,208
LB-UBS Commercial Mortgage Trust	7.180	9/15/19	820,355	887,526
Commercial Mortgage Trust	6.653	11/15/27	960,000	1,053,869
LB-UBS Commercial Mortgage Trust	4.394	3/15/32	1,010,000	953,167
Master Alternative Loans Trust	4.750	7/25/19	800,000	785,000
Master Asset Backed Securities Trust	1.270	3/25/20	350,106	350,124
Morgan Stanley Dean Witter Capital I	5.980	1/15/39	3,180,000	3,355,600
Morgan Stanley Dean Witter Capital I	5.520	12/15/35	1,025,000	1,062,884
Residential Asset Mortgage Products, Inc	1.230	3/25/23	5,153,912	5,153,242
Residential Asset Mortgage Products, Inc	3.710	2/25/29	354,313	355,015
Residential Asset Mortgage Products, Inc	4.730	12/25/31	1,000,000	1,015,120
Residential Accredit Loans Inc	6.250	3/25/14	1,155,872	1,173,638
Salomon Brothers Mortgage Securities	6.592	12/25/30	228,797	233,636
Salomon Brothers Mortgage Securities	1.450	11/15/13	9,850,000	9,850,394
Washington Mutual	3.963	7/25/34	1,015,000	977,096
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS			<u>75,688,240</u>	<u>76,823,105</u>
FEDERAL HOME LOAN MORTGAGE CORPORATION:				
FHLMC GOLD GO0432	8.000	1/1/26	211,764	231,915
FHLMC GOLD G01433	6.500	7/1/32	4,985,603	5,200,103
FHLMC GOLD C78238	5.500	4/1/33	8,282,266	8,271,515
FHLMC GOLD D88187	7.000	4/15/28	561,770	595,438
FHLMC GOLD D88413	7.000	4/15/28	456,271	483,311
FHLMC GOLD E73765	6.000	12/15/13	919,907	961,992

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2004

	Interest Rate	Due Date	Par Value	Fair Value
FEDERAL HOME LOAN MORTGAGE CORPORATION: (Continued)				
FHLMC GOLD C00844	7.000	8/15/29	\$ 428,000	\$ 453,095
FHLMC GOLD C00690	6.000	12/1/28	1,407,043	1,444,161
FHLMC GOLD C01798	6.000	3/1/34	1,886,685	1,929,326
FHLMC GOLD CO1410	6.000	10/1/32	3,603,305	3,686,887
FHLMC GOLD C01583	6.000	6/1/33	3,374,652	3,450,997
FHLMC GOLD C01646	6.000	9/1/33	8,514,770	8,707,399
FHLMC GOLD C01848	6.000	6/1/34	2,500,000	2,556,503
FHLMC GOLD C20133	7.000	1/15/29	175,762	186,179
FHLMC GOLD A23442	5.000	6/1/34	1,000,000	966,361
FHLMC 781617	3.905	5/1/34	1,015,000	998,439
			<u>39,322,797</u>	<u>40,123,620</u>
TOTAL FEDERAL HOME LOAN MORTGAGE CORPORATION				
FEDERAL NATIONAL MORTGAGE ASSOCIATION:				
FNMA 250200	9.000	1/1/25	25,922	29,086
FNMA 250030	7.000	5/1/24	311,008	330,379
FNMA 251901	6.500	8/1/13	391,689	414,634
FNMA 254403	6.000	8/1/17	659,918	688,314
FNMA 254478	6.000	10/1/32	1,994,984	2,040,265
FNMA 255230	5.000	6/1/34	28,190,139	27,263,726
FNMA 296823	9.000	12/1/24	19,862	22,286
FNMA 297999	9.000	11/1/24	121,153	135,939
FNMA 299371	9.000	12/1/24	18,208	20,430
FNMA 300178	9.000	12/1/24	44,411	49,831
FNMA 303909	7.000	5/1/26	576,781	613,624
FNMA 303890	7.000	5/1/26	655,511	695,147
FNMA 303945	7.000	12/1/10	530,771	562,830
FNMA 313595	7.185	5/1/07	917,418	985,358
FNMA 383159	6.250	2/1/11	2,500,000	2,750,515
FNMA 383632	6.305	5/1/11	1,212,159	1,313,580
FNMA 384781	5.950	3/1/12	1,280,889	1,366,625
FNMA 408933	6.500	7/1/13	181,079	191,686
FNMA 433213	6.500	7/1/13	117,233	124,100
FNMA 434075	6.500	7/1/13	250,329	264,993
FNMA 449149	6.000	12/1/28	1,222,557	1,254,267
FNMA 481539	6.000	1/1/29	540,854	554,882
FNMA 535126	6.000	12/1/28	1,248,190	1,280,564
FNMA 535838	6.500	4/1/31	743,833	775,704

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	Interest Rate	Due Date	Par Value	Fair Value
FEDERAL NATIONAL MORTGAGE ASSOCIATION: (Continued)				
FNMA 545259	7.500	12/1/29	\$ 1,539,449	\$ 1,651,681
FNMA 545759	6.500	7/1/32	1,132,923	1,180,492
FNMA 545819	6.500	7/1/32	490,215	511,225
FNMA 545826	6.000	8/1/17	1,478,354	1,541,968
FNMA 552715	7.500	10/1/30	221,691	237,657
FNMA 555514	6.000	11/1/17	918,254	958,164
FNMA 555783	4.500	10/1/33	4,532,130	4,244,743
FNMA 555872	5.000	11/1/18	2,830,820	2,840,895
FNMA 596449	6.500	6/1/31	954,842	995,764
FNMA 602064	7.000	9/1/31	859,518	908,935
FNMA 613152	6.500	11/1/31	1,644,730	1,715,220
FNMA 622543	6.000	9/1/31	21,810	22,335
FNMA 628038	6.500	2/1/32	1,343,589	1,400,004
FNMA 631381	6.500	3/1/32	1,045,102	1,089,893
FNMA 631382	7.000	3/1/32	829,275	875,226
FNMA 660229	6.000	9/1/32	5,238,634	5,357,535
FNMA 688360	6.000	3/1/33	3,207,288	3,280,084
FNMA 689634	6.000	2/1/33	2,378,129	2,432,105
FNMA 704101	5.500	5/1/33	3,839,859	3,832,578
FNMA 708633	6.000	6/1/33	4,456,403	4,554,836
FNMA 725372	7.318	12/1/10	1,516,500	1,710,029
FNMA 753097	6.500	12/1/33	4,682,971	4,879,562
TOTAL FEDERAL NATIONAL MORTGAGE ASSOCIATION			88,917,383	89,949,698
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION:				
GNMA 605107	5.500	3/1/34	581,053	581,295
GNMA 608176	5.500	5/15/33	8,127,112	8,134,947
GNMA 371693	7.000	3/15/24	659,640	704,453
GNMA 392903	9.000	1/15/25	107,097	120,060
GNMA 408175	7.000	12/15/25	83,452	89,067
GNMA 408844	7.000	11/15/25	91,240	97,379
GNMA 423825	8.000	6/15/26	133,548	146,889
GNMA 426366	7.000	1/15/26	104,204	111,121
GNMA 426408	7.000	2/15/26	172,745	184,210
GNMA 429363	6.500	3/15/26	891,594	936,758
GNMA 434789	8.500	6/15/30	643,833	706,277
GNMA 446690	7.000	9/15/28	780,440	830,600
GNMA 456641	7.000	8/15/28	498,835	530,896
GNMA 456786	7.000	4/15/28	817,427	869,965

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	Interest Rate	Due Date	Par Value	Fair Value
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION: (Continued)				
GNMA 460758	7.000	2/15/28	\$ 286,190	\$ 304,584
GNMA 462543	7.000	2/15/28	287,717	306,209
GNMA 462554	7.000	2/15/28	144,581	153,874
GNMA 465526	6.500	5/15/28	486,002	509,138
GNMA 468232	7.000	9/15/28	664,336	707,034
GNMA 486877	6.000	1/15/29	3,864,676	3,971,825
GNMA 196068	8.000	4/15/17	46,639	51,507
GNMA 201202	9.000	1/15/17	15,388	17,305
GNMA 238006	8.000	2/15/18	129,703	143,455
GNMA 231923	8.000	7/15/17	8,317	9,186
GNMA 293329	9.500	8/15/20	4,339	4,904
GNMA 288373	9.000	5/15/20	7,307	8,245
GNMA 291014	9.500	8/15/20	19,617	22,170
GNMA 306559	8.500	1/15/22	180,193	200,558
GNMA 319273	8.500	11/15/21	290,380	323,359
GNMA 780601	7.000	7/15/27	213,301	227,248
GNMA 781288	6.500	5/15/31	1,079,573	1,129,589
GNMA 80312	5.000	8/20/29	586,284	588,370
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			<u>22,006,760</u>	<u>22,722,475</u>
OTHER ASSET BACKED SECURITIES:				
Asset Securitization Corporation	7.400	10/13/26	3,217,379	3,455,594
Ford Credit Floorplan Master Owner Trust	1.260	7/15/08	1,000,000	1,002,220
Gs Mortgage Securities Corporation Ii	4.608	1/10/40	790,000	758,937
Morgan Stanley Capital I	6.590	10/3/30	184,528	184,640
Citibank/Sears Omni-S Master Trust	1.280	2/15/10	5,600,000	5,596,136
TOTAL OTHER ASSET BACKED SECURITIES			<u>10,791,907</u>	<u>10,997,527</u>
PRIVATE MORTGAGE BACKED SECURITIES:				
FFCA Secured Lending Corporat Priv Mbs	7.270	9/18/27	73,832	76,252
TOTAL PRIVATE MORTGAGE BACKED SECURITIES			<u>73,832</u>	<u>76,252</u>
MORTGAGE-BACKED TBA SECURITIES:				
GNMA TBA 5.5% 01N052673		7/15/34	10,530,000	10,355,597
TOTAL MORTGAGE-BACKED TBA SECURITIES			<u>10,530,000</u>	<u>10,355,597</u>

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	Interest Rate	Due Date	Par Value	Fair Value
MORTGAGE TBA'S WITH INTEREST ACCRUAL:				
FHLMC TBA-INT 5% 02R050671	5.000	7/1/34	\$ 2,180,000	\$ 2,083,414
FNMA TBA-INT 4.5% 01F042475	4.500	7/1/19	3,905,000	3,767,477
FNMA TBA-INT 5% 01F050478	5.000	7/1/19	<u>870,000</u>	<u>857,494</u>
TOTAL MORTGAGE TBA'S WITH INTEREST ACCRUAL			<u>6,955,000</u>	<u>6,708,384</u>
Z TRANCHE CMO:				
FHLMC 2135 LZ	6.500	3/15/29	<u>1,328,112</u>	<u>1,380,666</u>
TOTAL Z TRANCHE CMO			<u>1,328,112</u>	<u>1,380,666</u>
TOTAL BONDS			<u>\$ 467,545,561</u>	<u>\$ 476,776,902</u>

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SCHEDULE OF DOMESTIC STOCKS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
ABC Bancorp	4,754	\$ 75,906	\$ 96,696
ADC Telecommunications Inc.	20,340	230,779	57,766
Aflac Inc.	13,121	357,249	535,468
AGL Resources Inc.	28,900	745,338	839,545
AES Corporation	15,739	359,618	156,288
AMN Healthcare Services Inc.	18,600	201,508	284,394
AT&T Corp	64,342	1,896,483	941,323
ATMI Inc.	24,295	598,553	663,496
A T & T Wireless Services	68,983	1,095,225	987,837
Abbott Labs	39,692	1,432,574	1,617,846
Abercrombie & Fitch Co - Cl A	31,800	1,137,933	1,232,250
Accredo Health Inc.	17,010	506,086	662,540
Ace Cash Express Inc.	2,500	23,298	64,225
Actel Corp.	27,399	666,324	506,882
Acuity Brands Inc.	4,900	81,554	132,300
Adobe Systems Inc	5,981	106,787	278,117
Advance Auto Parts	31,800	1,288,422	1,404,924
Advanced Micro Devices Inc.	9,171	149,270	145,819
Advanta Corp - Cl A	4,700	101,356	103,071
Aetna Inc	13,852	719,483	1,177,420
Affiliated Computer Svcs - A	3,500	185,137	185,290
Affiliated Managers Group	15,615	527,891	786,528
Aftermarket Technology Corp.	12,600	148,090	207,900
Agilent Technologies Inc.	82,454	2,557,832	2,414,253
Agile Software Corp.	71,965	581,453	629,694
Air Products & Chemical	5,764	239,040	302,322
Albany Intl Corp. - Cl A	1,000	28,650	33,560
Albany Molecular Research	18,000	238,973	232,740
Alberto-Culver Co	2,232	50,759	111,912
Albertson'S Inc.	9,503	313,607	252,210
Alcoa Inc	21,539	527,742	711,433
Alexion Pharmaceuticals Inc.	14,030	237,877	260,958
Alfa Corporation	15,976	210,164	223,664
Allegheny Energy Inc.	3,188	115,859	49,127
Allegry Technologies Inc	2,053	71,066	37,057
Allergan Inc	3,303	121,550	295,685
Alliance Gaming Corp.	24,713	396,659	424,075
Alliance Imaging Inc.	30,900	141,120	141,213

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Alliant Energy Corp.	74,700	\$ 1,531,020	\$ 1,948,176
Allied Defense Group Inc	2,300	20,027	41,331
Allied Waste Industries, Inc.	8,102	119,775	106,784
Allstate Corp	42,454	1,352,641	1,976,234
Alltel Corp	7,895	351,182	399,645
Altera Corporation	9,712	316,349	215,218
Altria Group Inc	129,058	5,282,736	6,459,353
Ambac Inc	2,695	154,403	197,921
Amcol International Corp.	34,829	499,329	660,010
Amerada Hess Corporation	2,281	135,109	180,632
Ameren Corp	4,089	164,185	175,663
American Axle & Mfg Holdings	15,900	390,758	578,124
American Capital Strategies	16,000	430,726	448,320
American Dental Partners Inc.	2,200	23,838	39,380
American Electric Power	10,018	367,615	320,576
American Express Co	71,296	2,533,001	3,663,188
American Financial Group Inc.	15,800	364,067	483,006
American Greetings Corporation	16,100	225,377	373,198
American International Group	127,659	7,255,292	9,099,534
American Italian Pasta Co - A	3,400	99,950	103,632
Amer Natl Bnkshs/Danville Va	2,845	64,189	61,964
American Power Conversion	4,986	132,997	97,975
American Standard Companies	5,466	137,201	220,334
American Woodmark Corp.	3,100	157,809	185,535
Americanwest Bancorporation	1,503	21,338	28,782
Ameron International Corp	4,800	130,821	163,824
Amerus Group Co.	22,500	676,103	931,500
Amerisourcebergen Corp.	17,100	1,046,978	1,022,238
Ameritrade Holding Corp.	53,200	700,384	603,820
Ametek Inc.	29,730	509,955	918,657
Amgen, Inc.	51,446	2,215,786	2,807,408
Amsouth Bancorporation	8,905	218,257	226,810
Amsurg Corp.	23,080	544,158	580,000
Anadarko Petroleum Corporation	6,327	297,559	370,762
Analog Devices	9,266	280,150	436,243
Anchor Bancorp Wisconsin Inc.	13,400	321,689	354,296
Andersons Inc.	3,300	35,221	55,869
Andrew Corp	53,999	683,616	1,080,520

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Anheuser Busch Co Inc	44,462	\$ 1,871,512	\$ 2,400,948
Anntaylor Stores Corp.	17,467	354,007	506,194
Anthem Inc.	3,607	233,569	323,043
Answerthink Consulting Group	68,700	521,809	393,651
Aon Corp	7,918	248,538	225,425
Apache Corporation	8,198	169,813	357,023
Apartment Investment And Mana	2,380	86,812	74,089
Apollo Group Inc. - Cl A	4,544	181,657	401,190
Apollo Investment Corp.	26,400	396,000	363,528
Apple Computer, Inc.	9,873	129,783	321,267
Apria Healthcare Group Inc.	9,500	280,718	272,650
Applera Corp. - Applied Biosy	5,300	118,287	115,275
Applica Incorporated	29,800	394,676	265,220
Applied Materials Inc.	42,138	581,571	826,748
Applied Micro Circuits Corp.	7,713	373,063	41,033
Archer - Daniels - Midland Co.	80,745	1,149,659	1,354,901
Arris Group Inc.	98,881	535,228	587,353
Arrow International Inc.	11,415	307,736	341,537
Arvinmeritor Inc.	41,500	706,236	812,155
Asbury Automotive Group	7,900	64,425	118,500
Ashland Inc	1,731	74,115	91,414
Ashworth Inc	8,120	69,867	67,477
Atlantic Coast Airlines Hldg.	13,500	129,819	77,490
Atmos Energy Corp.	13,700	346,773	350,720
Autodesk Inc	29,336	916,692	1,255,874
Automatic Data Processing Inc	15,168	506,334	635,236
Autonation Inc.	7,136	96,545	122,026
Autozone Inc.	2,270	85,139	181,827
Avaya Inc.	79,847	952,908	1,260,784
Avery Dennison Corp.	2,802	133,505	179,356
Aviall Inc.	10,300	88,548	195,803
Avocent Corporation	14,950	551,119	549,263
Avon Prods Inc Com	12,112	251,977	558,848
Aztar Corp.	16,200	195,917	453,600
BB&T Corporation	14,146	484,903	522,978
BJ Services Co.	4,209	159,451	192,941
BJ'S Wholesale Club Inc.	36,400	618,029	910,000
BMC Software	5,917	267,932	109,465

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Badger Meter Inc.	500	\$ 21,418	\$ 22,125
Baker Hughes Inc.	8,539	271,032	321,493
Ball Corporation	15,146	704,471	1,091,269
Bancfirst Corp.	2,900	163,141	173,275
Bancorpsouth Inc.	10,400	224,206	234,312
Bandag Inc.	1,900	68,549	84,607
Bandag Inc. - Cl A	4,500	146,205	187,200
Bank Of America Corp	109,006	6,892,127	9,224,088
Bank Of New York Inc.	19,557	560,247	576,540
Bank One Corporation	28,974	1,167,723	1,477,674
Bard C R Inc.	2,640	57,393	149,556
Barnes And Noble	29,500	535,119	1,002,410
Bausch & Lomb Inc	1,350	57,101	87,845
Baxter International	15,455	509,207	533,352
Bea Systems Inc.	73,900	986,618	607,458
Bear Stearns Cos. Inc.	2,513	135,202	211,871
Beazer Homes Usa Inc.	1,700	44,659	170,527
Becton Dickinson & Co	6,460	188,520	334,628
Bed Bath & Beyond Inc.	7,489	166,362	287,952
Bellsouth Corporation	46,943	1,168,117	1,230,845
Bemis Co.Inc.	2,694	58,775	76,106
Benihana Inc. - Cl A	2,500	31,360	37,275
Berry Petroleum - Cl A	10,800	196,534	317,628
Best Buy Company Inc.	8,173	304,262	414,698
Big Lots Inc.	2,961	91,384	42,816
Biomet Inc.	6,544	104,154	290,815
Biogen Idec Inc	8,329	421,551	526,809
Black & Decker Corporation	1,968	76,107	122,272
Black Hills Corp.	20,900	616,014	658,350
Blair Corp	5,200	120,297	150,280
H & R Block	4,543	108,034	216,610
Bluegreen Corp.	11,500	40,466	158,700
Bob Evans Farms Inc.	15,600	370,822	427,128
Boeing Co.	44,425	2,057,899	2,269,673
Boise Cascade Corp	1,479	47,872	55,670
Bon-Ton Stores	5,700	17,014	83,562
Books-A-Million Inc	3,700	22,385	21,867
Borders Group, Inc.	28,600	480,535	670,384

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Boston Communications Group	11,784	\$ 112,114	\$ 120,786
Boston Private Financial Holdings Inc.	19,100	479,412	442,356
Boston Scientific Corp	21,306	338,210	911,897
Boyds Collection Ltd.	25,100	155,806	83,332
Briggs & Stratton Corporation	1,300	91,096	114,855
Brinker International Inc.	30,900	1,082,356	1,054,308
Bristo -Myers Squibb Co	49,263	1,251,446	1,206,944
Broadcom Corp. - Cl A	7,522	889,806	350,525
Brocade Communications Sys.	121,024	826,779	723,724
Brown-Forman Corp - Cl B	3,056	87,060	147,513
Brown Shoe Inc.	8,300	114,514	339,719
Bruker Biosciences Corp.	54,100	260,040	263,467
Brunswick Corporation	2,290	61,414	93,432
Buckle Inc	9,900	177,411	279,675
Building Material Holding Corp	8,200	94,615	155,226
Burlington Coat Factory Wrhs	20,200	275,532	389,860
Burlington Northern Santa Fe	9,452	277,419	331,482
Burlington Resources, Inc.	10,186	210,061	368,529
Cigna Corp	13,556	1,202,145	932,788
CKE Restaurants Inc.	29,459	252,629	392,688
Cleco Corporation (New)	27,700	569,993	498,046
CMS Energy Corp	3,655	111,279	33,370
CSS Industries, Inc.	7,300	218,724	255,792
CSG Systems Int'l Inc.	600	13,071	12,420
CSX Corporation	5,421	225,960	177,646
CVS Corp	9,993	324,790	419,906
Cabela's Inc. - Cl A	4,400	88,000	118,580
Cabot Oil & Gas Corp. - Cl A	2,000	61,370	84,600
Cadmus Communications Corp.	3,900	52,808	57,525
California First National Bancorp	5,070	51,194	67,862
Calpine Corporation	9,668	261,535	41,766
Camco Financial Corp.	2,800	35,437	39,200
Camden National Corp.	2,100	37,171	69,447
Campbell Soup	10,412	397,015	279,875
Capital Corp. Of The West	1,212	14,805	47,074
Capital One Financial Corp.	47,543	3,004,531	3,250,990
Capitalsource Inc.	29,079	544,806	710,982
Capitol Bancorp Ltd.	4,100	59,909	106,641

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Capital Title Group Inc.	1,300	\$ 5,408	\$ 5,603
Cardinal Health Inc.	22,503	1,360,767	1,576,335
Caremark Rx Inc.	46,000	1,257,660	1,515,240
Carlisle Cos Inc.	32,000	1,840,378	1,992,000
Carnival Corp	16,043	586,676	754,021
Carriage Services Inc. - Cl A	11,500	57,645	57,960
Cascade Corp.	7,400	115,293	231,250
Caterpillar Inc.	8,837	337,938	702,011
Cato Corp. - Cl A	13,000	187,152	291,850
Cell Genesys Inc.	25,211	342,499	261,942
Cendant Corporation	25,833	484,463	632,392
Centerpoint Energy Inc	7,748	153,210	89,102
Centex Corporation	37,858	1,297,638	1,732,004
Central Vermont Pub Serv	2,800	56,500	57,372
Century Aluminum Company	16,238	261,773	402,540
Centurytel Inc	3,630	143,657	109,045
Ceres Group Inc.	16,100	49,962	98,854
Charter One Fin. Inc.	6,507	168,855	287,544
Chemed Corp	16,999	893,320	824,452
Chemical Financial Corp.	9,510	307,697	350,824
Cherokee Inc.	3,400	31,799	85,306
Cherokee International Corp.	23,100	372,620	263,571
Chesapeake Utilities Corp.	3,300	77,088	74,910
Chevrontexaco Corp.	66,597	5,351,658	6,267,444
Chicago Bridge & Iron - Ny Shr	24,205	542,377	674,109
Chiquita Brands Intl.	6,900	124,657	144,348
Chiron Corp	4,728	206,157	211,058
Chromcraft Revington Inc	3,900	59,379	49,725
Chronimed Inc.	1,300	9,146	10,595
Chubb Corp	28,995	1,846,904	1,976,879
Ciena Corp.	11,949	144,501	44,211
Cimarex Energy Co	18,500	426,042	559,255
Cincinnati Financial Corp.	4,280	177,192	186,266
Cinergy Corp	4,466	151,403	169,708
Circuit City Stores - Circuit	5,355	57,222	69,347
Cisco Systems, Inc.	410,621	6,463,404	9,731,718
Cintas Corp.	4,324	166,171	206,125
Citigroup Inc.	278,367	9,805,570	12,944,066

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	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Citizens Communications Co.	7,189	\$	98,213	\$	86,987
Citrix Systems Inc.	4,193		161,158		85,369
Clarcor Inc.	10,161		350,982		465,374
Clear Channel Communications	15,677		841,104		579,265
Clorox Company	5,497		189,022		295,629
Coca-Cola Company Com	86,578		4,684,913		4,370,457
Coca-Cola Enterprises	11,467		335,041		332,428
Colgate-Palmolive	13,647		566,922		797,667
Columbia Banking System Inc.	6,546		71,551		145,452
Comcast Corp - Cl A	79,840		2,532,177		2,243,504
Comerica, Inc.	4,443		202,120		243,832
Commerce Group Inc	16,500		420,947		814,605
Commercial Federal Corp.	25,000		670,861		677,500
Community Bank System Inc.	4,800		58,998		109,392
Community Health Systems	42,207		1,012,118		1,129,881
Community First Bankshares	7,485		211,614		240,942
Community Trust Bancorp Inc.	5,203		99,293		158,692
Computer Associates Int'L.	14,762		408,212		414,222
Computer Sciences Corp	23,649		882,801		1,098,023
Compuware Corp.	9,589		250,202		63,287
Converse Technology Inc.	39,673		813,798		791,080
Conagra Inc	13,621		312,306		368,857
Conocophillips	40,475		2,148,131		3,087,838
Consolidated Edison Inc	5,763		187,708		229,137
Constellation Energy Group	41,094		1,506,505		1,557,463
Convergys Corp.	3,753		143,726		57,796
Cooper Cos Inc.	11,604		362,183		733,025
Cooper Tire & Rubber	1,866		36,542		42,918
Coors (Adolph) - Cl B	922		39,879		66,697
Corgentech Inc.	18,600		371,690		299,832
Corinthian Colleges Inc.	27,690		305,595		685,051
Corning, Inc.	35,407		647,823		462,415
Corporate Executive Board Co	23,620		693,265		1,365,000
Correctional Services Corp.	800		2,154		2,672
Corrections Corp. Of America	21,214		507,590		837,741
Corus Bankshares Inc	12,200		224,091		501,542
Costco Wholesale Corp	11,969		268,160		492,883
Cotton States Life Insurance	600		6,465		11,544

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Countrywide Credit Inds., Inc.	6,825	\$ 144,293	\$ 479,456
Covance, Inc.	14,100	468,182	543,978
Cox Communications Inc. - CI	20,100	628,228	558,579
Cox Radio Inc. - CI A	27,700	668,540	481,426
Crane Company	1,504	37,237	47,211
Crawford & Company - CI A	2,575	14,317	12,154
Culp Inc.	7,000	38,784	54,460
Cummins Inc.	1,053	54,690	65,813
Cumulus Media Inc. - CI A	48,431	922,802	814,125
Curative Health Services Inc	8,300	111,395	71,878
D & K Healthcare Resources	8,000	85,586	96,000
Cytyc Corporation	24,500	483,466	621,565
D. R. Horton, Inc.	33,900	496,969	962,760
DSP Group Inc.	22,991	396,620	626,275
DTE Energy Company	4,260	152,386	172,700
Dana Corporation	3,770	107,799	73,892
Danaher Corp.	7,752	196,903	401,941
Darden Restaurants Inc.	4,269	45,916	87,728
Deere & Co Com	34,272	2,194,670	2,403,838
Del Laboratories Inc.	6,510	149,110	201,940
Dell Inc	155,541	3,497,445	5,571,479
Delphi Corp	14,211	181,832	151,773
Delphi Financial Group - CI A	13,800	499,133	614,100
Delta Air Lines Inc.	4,829	121,763	34,382
Denbury Resources Inc.	16,036	331,202	335,954
Deluxe Corp	1,402	42,885	60,987
Department 56	8,600	197,598	132,440
Devon Energy Corporation	6,154	318,089	406,164
Diamondcluster Intl. Inc.	60,879	577,072	529,039
Digital River Inc.	21,674	576,079	707,223
Dillard's Inc - CI A	2,150	59,964	47,945
Dimon Inc.	23,300	142,930	133,276
Directv Group Inc	74,459	1,408,088	1,273,249
Disney Co	78,323	1,924,649	1,996,453
Dollar General Corporation	8,460	168,261	165,478
Dominion Homes Inc.	1,800	12,327	41,580
Dominion Resources Inc/Va	8,883	436,775	560,340
Donegal Group Inc. - CI A	1,200	14,959	24,012
Donegal Group Inc. - CI B	600	7,123	12,054
Donnelley R R & Sons Company	5,474	177,217	180,751
Doubleclick Inc	58,583	603,288	455,190

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Dover Corp.	5,137	\$ 163,212	\$ 216,268
Dover Downs Gaming & Entertainment	7,100	62,782	79,875
Dow Chemical	60,722	2,141,366	2,471,385
Dow Jones & Co., Inc.	2,064	90,344	93,086
Downey Financial Corp.	14,100	526,037	750,825
Dupont (Ei) De Nemours & Co.	65,762	2,945,638	2,921,148
Duckwall - Alco Stores, Inc.	2,000	35,705	33,578
Ducommun Inc.	4,600	59,005	98,348
Duke Energy Corp Com Stk	24,556	650,379	498,241
Dura Automotive Systems Inc.	11,823	285,377	108,180
Duquesne Light Holdings Inc	36,600	499,725	706,746
Duratek Inc.	33,800	360,912	510,718
Dynamics Research Corp.	4,000	62,098	71,920
Dynegy Inc. - Cl A	9,452	359,858	40,266
E-Loan Inc.	19,300	55,089	52,110
Emc Corp/Mass	61,070	824,439	696,198
Enesco International Inc.	11,400	331,339	331,740
Eog Resources Inc	31,906	1,474,464	1,905,107
E*Trade Group Inc.	180,000	2,208,157	2,007,000
East West Bancorp Inc.	20,204	325,175	620,263
Eastern Company (The)	1,100	16,676	18,370
Eastman Chemical Company	1,963	108,011	90,749
Eastman Kodak Co Com	7,266	449,299	196,037
Eaton Corporation	3,784	140,439	244,976
Ebay Inc.	45,249	2,341,115	4,160,646
Ecolab Inc	6,665	98,144	211,281
Ecology And Environ - Cl A	1,100	12,024	10,450
Edison International	8,264	166,973	211,310
Education Management Corp.	14,720	279,482	483,699
El Paso Corporation	15,296	493,838	120,532
Electronic Arts Inc.	7,986	242,707	435,636
Electronic Data Systems Corp	12,233	506,165	234,262
Electronics Boutique Holdings	3,100	47,604	81,654
Embrex Inc.	4,700	43,400	63,450
Emerson Elec Co	10,677	591,275	678,523
Encore Acquisition Co.	7,900	185,818	220,410
Energen Corp.	4,200	174,153	201,558
Engelhard Corporation	3,194	69,872	103,198
Energysouth Inc.	2,228	80,898	89,165
Enesco Group Inc.	5,500	68,211	49,280

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Ennis Business Forms	8,900	\$ 83,427	\$ 173,550
Entergy Corp	6,527	229,891	365,577
Eplus Inc.	5,600	51,158	59,808
Epicor Software Corp	50,900	655,330	715,145
Equifax, Inc.	3,576	70,009	88,506
Equity Marketing Inc.	3,400	46,688	42,670
Equity Office Properties Trus	11,314	333,961	307,741
Equity Residential	6,913	195,443	205,523
Exelon Corporation	52,648	1,298,771	1,752,652
Exponent Inc.	3,400	29,249	91,358
Express Scripts Inc. - Cl A	2,000	119,350	158,460
Expressjet Holdings Inc.	25,100	355,086	304,714
Exxon Mobil Corporation	329,971	10,405,579	14,654,012
FBL Financial Group Inc. - Cl	16,700	361,071	471,942
FNB Corp/North Carolina	1,700	36,155	33,150
FNB Financial Services Corp	1,500	19,691	25,515
FPL Group Inc	4,649	238,392	297,304
FNB Corporation/Va	1,737	45,508	50,060
FTI Consulting Inc.	3,800	56,876	62,700
Family Dollar Stores, Inc.	4,363	123,539	132,722
Federal Home Loan Mortgage Corporation	17,734	823,135	1,122,562
Federal National Mortgage Association	62,752	4,186,544	4,477,983
Federated Department Stores	4,751	169,047	233,274
Federated Investors Inc. - Cl	2,766	76,080	83,920
Fedex Corporation	7,567	270,616	618,148
Fifth Third Bancorp.	14,565	632,368	783,306
Filenet Corp.	32,809	550,368	1,035,780
Finlay Enterprises Inc.	5,300	68,168	99,746
First American Corporation	43,300	1,085,412	1,121,037
First Citizens Bcshs - Cl A	3,400	316,321	414,800
First Commonwealth Finl Corp.	1,700	22,038	22,049
First Community Bancshares	636	18,968	21,306
First Federal Capital Corp.	12,800	241,263	356,224
First Data Corp.	50,274	1,807,261	2,238,198
First Financial Corp Indiana	403	12,183	12,912
First Financial Service Corp	59	1,508	1,440
First Financial Holdings Inc.	1,700	50,897	48,977
First Horizon National Corp	3,203	124,525	145,640
First M & F Corp.	1,800	59,878	56,052
First Marblehead Corp./The	20,900	412,420	841,434

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
First Health Group Corp.	15,100	\$ 238,824	\$ 235,711
First Mutual Bancshares Inc.	1,197	10,769	30,224
First Place Financial/Ohio	7,600	141,014	141,284
First Republic Bank	6,400	141,599	275,712
First United Corp.	2,200	48,576	42,790
The First Years Inc.	3,200	42,825	59,008
Firstbank Corp./Alma Mich	2,374	68,033	68,965
Fiserv Inc.	4,900	152,136	190,561
Firstfed Financial Corp.	8,000	198,531	332,800
Flagstar Bancorp Inc.	23,400	77,822	465,192
First Energy Corp	8,249	240,610	308,595
Fisher Scientific Intl'	11,200	623,863	646,800
Flexsteel Inds	1,600	34,981	37,600
Fluor Corp (New)	2,068	80,839	98,582
Flowserve Corporation	21,600	274,310	538,704
Flushing Financial Corp.	9,000	108,687	158,850
Ford Motor Company	176,924	2,380,343	2,768,861
Forest Laboratories Inc.	28,807	1,577,487	1,631,340
Forest Oil Corp.	12,800	335,440	349,696
Fortune Brands Inc	29,686	1,977,187	2,239,215
Franklin Resources Inc	17,529	861,259	877,852
Freeport-Mcmoran Copper-B	4,440	109,590	147,186
Fremont General Corp.	35,500	164,648	626,575
Fresh Brands Inc.	2,900	37,587	22,272
Friendly Ice Cream Corp.	3,000	19,179	39,450
Frisch's Restaurants Inc.	2,100	28,747	62,475
Frontier Financial Corp.	1,100	36,475	38,434
Furniture Brands Intl. Inc.	25,300	541,561	633,765
GATX Corporation	2,400	56,346	65,280
GTSI Corp.	3,800	14,726	43,510
Gannett Co Inc	6,913	407,927	586,568
Gap Inc.	22,689	317,544	550,208
Gateway Inc	8,220	173,690	36,990
Genentech Inc.	36,900	1,617,638	2,073,780
General Dynamics Corporation	5,006	281,906	497,096
General Electric Co	580,329	16,455,628	18,802,660
General Growth Properties	73,600	1,922,463	2,176,352
General Mills Inc.	9,474	376,114	450,299
General Motors Corp	25,720	1,202,919	1,198,295
Genesco Inc.	11,300	226,271	267,019

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Genlyte Group Inc.	6,200	\$ 226,260	\$ 389,856
Genuine Parts Company	4,409	143,396	174,949
Genzyme Corporation	5,673	293,072	268,503
Georgia-Pac	6,448	263,101	238,447
Gibraltar Steel Corp.	7,900	202,254	259,278
Gilead Sciences Inc.	5,451	364,024	365,217
Gillette Co.	25,901	1,074,439	1,098,202
Global Imaging Systems Inc.	6,100	37,939	223,626
Gold Banc Corporation Inc.	2,400	21,872	37,200
Golden West Financial Corp.	3,871	150,319	411,681
Goldman Sachs Group Inc.	31,776	2,810,462	2,992,028
Goodrich (B.F.)Co	2,981	97,615	96,376
Goodyear Tire & Rubber Co.	4,446	184,599	40,414
Graco Inc.	23,798	491,669	738,928
Graftech International Ltd.	91,869	777,559	960,950
W. W. Grainger, Inc.	2,324	105,458	133,630
Great Amern Finl Res Inc.	12,900	209,775	205,110
Great Lakes Chemical Corporation	1,274	47,729	34,474
Greater Bay Bancorp	26,300	462,615	760,070
Green Mountain Power Corp.	400	9,296	10,440
Greene County Bancshares Inc.	883	18,525	19,868
Group 1 Automotive Inc.	9,900	343,467	328,779
Guidant Corporation	25,545	1,313,046	1,427,455
Gulf Island Fabrication Inc.	5,200	101,935	112,476
HCA - The Healthcare Company	12,976	513,446	539,672
Haggar Corp.	1,300	26,013	25,987
Hain Celestial Group Inc.	30,147	683,872	545,661
Halliburton Co.	11,088	379,404	335,523
Hancock Fabrics Inc.	9,600	145,223	122,400
Handleman Co.	11,600	122,270	268,656
Harland (John H.) Co.	17,800	448,579	522,430
Harley Davidson Inc.	7,669	298,549	475,018
Harrah's Entertainment Inc.	18,282	811,240	989,056
Harrington West Financial Group, Inc.	2,280	31,863	39,079
Harris Interactive Inc.	54,600	391,926	366,912
Hartford Financial Svcs Grp.	7,197	347,839	494,722
Harvest Natural Resources In	43,000	546,905	641,130
Hasbro Inc.	4,393	73,964	83,467
Hawkins Inc.	3,100	31,814	37,138
Health Mgmt Associates Inc.	6,054	119,688	135,731
Health Net Inc.	25,600	639,729	678,400

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Hector Communications Corp.	1,200	\$ 15,024	\$ 24,840
H J Heinz Co	8,913	312,128	349,390
Helix Technology Corp.	27,764	514,731	592,206
Henry (Jack) & Associates	41,623	755,005	836,622
Hercules Inc	26,788	366,018	326,546
Hershey Foods	6,654	200,927	307,881
Hewlett - Packard	134,222	2,545,809	2,832,084
Hi-Shear Technology Corp.	1,200	3,673	3,948
Hilb, Rogal & Hamilton Co.	1,100	34,974	39,248
Hilton Hotels Corporation	9,557	130,515	178,334
Hines Horticulture Inc.	4,500	20,508	19,170
Hollywood Entertainment Corp.	34,800	456,367	464,928
Home Federal Bancorp - In	1,700	45,131	42,551
Home Depot Inc.	177,076	5,738,094	6,233,075
Honeywell Int'L	69,660	2,426,599	2,551,646
Horizon Health Corp.	2,000	13,060	47,000
Hospira Inc	3,969	98,767	109,544
Host Marriott Corp.	11,400	145,725	140,904
Hot Topic Inc.	20,919	314,943	428,630
Houston Exploration Co.	16,300	525,646	844,992
Hudson United Bancorp	13,400	487,577	499,552
Hughes Supply Inc.	10,101	498,376	595,252
Humana Inc	43,397	629,084	733,409
Hunt (Jb) Transprt Svcs Inc.	23,333	588,639	900,187
Huntington Bancshares	5,799	126,010	133,261
Hutchinson Tech	8,900	252,870	218,851
Hyperion Solutions Corp.	23,221	788,146	1,015,222
IMS Health Inc	6,165	111,608	144,508
Istar Financial Inc.	13,500	540,697	540,000
ITLA Capital Corporation	2,600	39,215	105,066
Iberiabank Corp.	2,500	41,144	147,775
Itt Industries Inc.	2,330	93,772	193,390
Idacorp Inc.	2,300	59,210	62,100
Ikon Office Solutions Inc.	68,500	525,342	785,695
Illinois Tool Works Inc.	14,801	1,109,807	1,419,268
Indymac Bancorp Inc	26,000	613,591	821,600
Infinity Property And Casualty	2,400	75,739	79,200
Informatica Corp.	65,023	602,811	496,125
Intel Corporation	357,393	7,862,200	9,864,047
International Bancshares Crp.	4,248	128,662	172,276
International Business Machines	61,943	4,409,881	5,460,275

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Intl Flavors & Fragrances	2,380	\$ 100,609	\$ 89,012
International Game Technology Com	8,965	136,999	346,049
International Paper	12,148	589,054	543,016
Interpublic Group	9,983	227,165	137,067
Intersections Inc.	13,196	286,925	316,572
Intuit Inc.	5,205	238,577	200,809
Investment Technology Group	15,600	211,003	199,524
Ipayment Inc.	16,383	423,870	671,703
Irwin Financial Corp.	14,800	269,938	390,720
Ivax Corp.	52,400	1,232,312	1,257,076
Ivillage Inc.	49,200	305,365	312,420
JDS Uniphase Corp.	39,775	2,378,675	150,747
JP Morgan Chase & Co.	132,020	4,424,522	5,118,415
Jabil Circuit Inc.	5,038	148,121	126,857
Jack In The Box Inc.	21,300	550,011	632,610
Jakks Pacific Inc.	11,500	136,575	239,085
Janus Capital Group Inc	6,069	144,644	100,078
Jefferies Group Inc. (New)	10,942	269,365	338,327
Jefferson Pilot Corp.	3,604	127,998	183,083
Johnson & Johnson	126,900	5,089,075	7,068,330
Johnson Controls	49,124	2,191,804	2,622,239
Jones Apparel Group (Jones Of Ny)	3,244	107,923	128,073
Juniper Networks Inc.	64,100	1,685,115	1,574,937
KLA-Tencor Corp.	5,327	209,858	263,047
KB Home	1,206	32,521	82,768
Keith Cos Inc.	4,300	48,134	62,522
Kellogg Company	10,411	416,595	435,700
Kellwood Co	1,000	41,987	43,550
Kerr-Mcgee Corporation	3,858	217,767	207,445
Keycorp	10,724	275,709	320,540
Keyspan Corporation	3,990	139,450	146,433
Kimberly Clark Corporation	27,303	1,546,846	1,798,722
Kinder Morgan Inc.	3,096	147,348	183,562
Kinetic Concepts Inc.	16,900	820,996	843,310
King Pharmaceuticals Inc.	6,106	170,696	69,914
Kirkland'S Inc.	10,900	131,289	130,037
Knight-Rider Inc	2,072	119,090	149,184
Kohls Corp.	8,594	324,825	363,354
Kroger Co.	19,137	356,520	348,293

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
LSI Logic Corp.	9,617	\$ 139,165	\$ 73,282
La-Z-Boy Inc	25,400	477,483	456,692
Labone Inc.	25,500	781,059	810,390
Laclede Group Inc. /The	1,400	38,857	38,374
Lakeland Financial Corp.	1,800	59,419	60,300
Landamerica Financial Group	10,600	357,041	412,658
Estee Lauder Companies - Cl A	32,700	1,268,043	1,595,106
Leggett & Platt, Inc.	4,892	104,734	130,665
Lehman Brothers Holding Inc	6,970	322,222	524,493
Lennox International Inc	17,900	279,597	323,990
Lexmark Intl Group - Cl A	3,234	200,063	312,178
Libbey, Inc.	6,400	174,300	177,664
Lilly Eli & Co Com	38,297	2,496,609	2,677,343
Limited Brands	37,240	626,042	696,388
Lincoln Electric Holdings	19,000	587,977	647,710
Lincoln National Corporation Indiana	4,502	159,167	212,720
Linear Technology Corp.	7,939	372,157	313,352
Lithia Motors Inc. - Cl A	6,800	106,650	168,504
Liz Claiborne Inc	2,723	69,353	97,974
Lojack Corporation	3,300	25,929	29,007
Lockheed Martin Corp	11,516	562,160	599,753
Loew's Corp.	4,704	243,949	282,052
Louisiana Pacific Corporation	2,653	44,083	62,743
Lowe's Cos. Inc.	19,879	404,972	1,044,641
Lubrizol Corporation	18,900	585,668	692,118
Lucent Technologies Inc.	108,331	1,163,851	409,491
M & T Bank Corp.	3,000	287,540	261,900
MAF Bancorp Inc.	12,976	427,795	553,816
MBIA, Inc.	36,149	2,022,215	2,064,831
MBNA Corporation	112,307	2,483,865	2,896,398
MEMC Electronic Materials	8,400	70,993	82,992
MGIC Investment Corp.	2,803	150,171	212,636
MGM Grand Inc.	19,400	814,366	910,636
Steven Madden Ltd.	8,500	105,154	169,745
Mainsource Financial Group Inc.	4,095	70,978	83,129
Manor Care Inc	2,283	66,751	74,608
Marathon Oil Corp.	42,659	1,368,391	1,614,217
Marsh & McLennan Cos	13,580	380,705	616,260
Marshall & Ilsley Corp.	5,749	170,733	224,728
Marriott Corporation - Cl A	40,581	1,958,892	2,024,180
Martin Marietta Materials, Inc.	42,900	1,969,810	1,901,757

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SCHEDULE OF DOMESTIC STOCKS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Masco Corporation	12,088	\$ 277,050	\$ 376,904
Mattel Inc.	11,152	295,914	203,524
Mattson Technology Inc.	45,800	588,160	550,516
Maxtor Corp.	62,600	423,934	415,038
Maxim Integrated Products	8,235	427,106	431,679
Maxygen Inc.	33,027	394,025	349,095
May Dept Stores Co Com	7,317	224,716	201,144
Maytag Corp.	9,587	222,951	234,977
Mccormick And Co Inc	3,530	90,543	120,020
Mc Donalds Corporation	113,271	2,997,658	2,945,046
Mcgrath Rentcorp	5,517	143,505	203,853
Mcgraw Hill Inc.	4,837	202,072	370,369
Mckesson Hboc Inc	25,643	1,019,846	880,324
Meadwestvaco Corp.	57,183	1,495,101	1,680,608
Medco Health Solutions Inc	38,493	1,045,451	1,443,488
Medicines Company	12,200	358,372	372,222
Medicis Pharmaceutical Corp. - Cl A	11,758	375,630	469,732
Medimmune Inc.	6,394	329,837	149,556
Medquist Inc.	1,100	18,036	12,595
Medtronic Inc	30,932	1,050,475	1,507,007
Mellon Financial Corp.	10,944	304,603	320,988
Memberworks, Inc.	1,600	46,120	47,392
Merchants Bancshares Inc	1,800	26,736	47,250
Merck & Co. Inc.	102,174	4,302,358	4,853,265
Mercury Interactive Corp.	2,165	149,780	107,882
Meredith Corp.	1,261	43,801	69,305
Merit Medical Systems Inc.	37,600	568,316	598,968
Merrill Lynch	52,946	2,519,436	2,858,025
Mesa Air Group, Inc.	14,300	118,518	115,687
Mesa Laboratories Inc	1,200	6,130	11,832
Metlife Inc.	60,481	2,003,050	2,168,244
Micrel	25,115	277,052	305,147
Microsoft Corporation	516,512	12,007,210	14,751,583
Micron Technology Inc.	15,537	359,249	237,871
Millipore Corporation	1,230	48,394	69,335
Mine Safety Appliances Co.	13,100	385,880	441,470
Mity Enterprises Inc.	1,700	20,698	28,985
Mobile Mini Inc.	1,800	27,647	51,138
Mod-Pac Corp	702	5,939	6,261
Mohawk Industries Inc	7,400	522,110	542,642

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Molecular Devices Corp.	21,400	\$ 372,447	\$ 380,492
Molex Inc.	4,848	178,007	155,524
Monarch Casino & Resort Inc.	5,422	46,149	76,450
Monsanto Co	48,931	1,296,609	1,883,844
Monster Worldwide Inc	2,836	131,912	72,942
Moody's Corporation	3,761	95,158	243,186
Moog Inc. - Cl A	5,850	42,302	217,094
Morgan St Dean Witter	88,778	4,350,508	4,684,815
Mossimo Inc.	5,030	20,471	19,516
Mothers Work Inc.	2,300	51,253	47,380
Motorola Inc.	59,235	993,193	1,081,039
Movado Group	6,600	50,726	113,850
Mylan Laboratories	6,800	165,173	137,700
NBT Bancorp Inc.	3,200	70,464	71,488
NCO Group Inc.	10,945	245,430	292,122
NCR Corporation	2,420	88,307	120,008
NN Inc.	6,500	75,559	82,615
Nymagic Inc.	2,200	53,020	58,080
Nabi Biopharmaceuticals	24,400	374,443	346,968
Nacco Industries - Cl A	1,100	48,455	104,500
National City Corp.	17,314	519,532	606,163
National Dentex Corp.	900	18,455	26,685
National Home Health Care	4,000	33,958	38,800
National Semiconductor Corp.	9,256	119,501	203,539
Natl Western Life Ins -Cl A	1,200	136,272	184,260
Navistar International	1,731	36,838	67,094
Navigant International Inc.	7,899	96,943	140,523
Netbank Inc.	30,400	374,514	332,272
Network Appliance Inc.	8,707	140,021	187,462
New Jersey Resources Corp.	1,400	54,205	58,212
New York Times Co. Class A	3,824	126,703	170,971
Newell Rubbermaid Inc.	6,955	238,855	163,443
Newmont Mining Corporation	11,001	304,357	426,399
Nextel Communications Inc.	27,976	484,719	745,840
Nicor, Inc.	18,317	554,805	622,228
Nike Inc - Cl B	6,696	349,483	507,222
Nisource Inc.	31,360	669,468	646,643
Nordstrom, Inc.	3,445	75,561	146,791
Norfolk Southern	9,887	285,168	262,203
North Fork Bancorporation	3,973	151,742	151,173
North Valley Bancorp	2,850	37,943	45,087

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Northern Trust Co.	5,591	\$ 237,473	\$ 236,387
Northrim Bancorp Inc.	1,870	14,154	37,830
Northrop Grumman Corporation	9,278	464,231	498,229
Northwest Natural Gas Co	1,400	40,599	42,700
Novell Inc.	9,443	59,171	79,227
Novellus Systems, Inc.	4,502	190,386	141,543
Nucor Corp.	1,983	102,366	152,215
Nvidia Corp.	4,635	192,109	94,878
Occidental Petroleum Corp.	9,719	252,252	470,497
Odyssey Re Holdings Corp.	18,000	421,308	432,000
Office Depot Inc.	7,832	145,400	140,271
Offshore Logistics	8,800	160,137	247,456
Oil States International Inc.	29,500	374,293	451,350
Old Dominion Freight Line	16,544	289,769	487,717
Old Republic Intl. Corp.	49,900	1,185,674	1,183,628
Omnicom Group, Inc.	4,882	265,089	370,495
Oneok Inc.	78,200	1,561,256	1,719,618
Onyx Acceptance Corp.	2,200	15,122	36,212
Opinion Research Corp.	1,000	7,410	6,945
Oracle Systems Corporation	326,782	3,596,903	3,898,509
Orthodontic Centers Of Amer	29,900	299,239	244,881
Outback Steakhouse Inc	12,700	532,092	525,272
Owens & Minor Inc.	18,200	359,850	471,380
PAB Bankshares, Inc.	1,900	22,953	23,066
P G & E Corporation	10,479	214,370	292,783
PFF Bancorp Inc.	7,760	100,037	288,982
P.F. Changs China Bistro Inc.	7,600	324,546	312,740
PMC Sierra Inc	92,385	1,868,025	1,325,725
PNC Financial Services Group	7,173	341,807	380,743
PNM Resources, Inc.	24,900	444,059	517,173
PPG Industries	4,305	235,643	269,019
PPL Corporation	4,475	125,717	205,403
Paccar, Inc.	4,422	100,844	256,432
Pactiv Corporation	4,045	129,687	100,882
Pall Corp.	3,120	68,356	81,713
Papa John's Intl Inc.	8,400	221,598	248,136
Parallel Petroleum Corp.	8,800	38,407	44,625
Parametric Technology Corporation	6,707	104,099	33,535
Parker-Hannifin Corp	19,296	1,042,025	1,147,340
Parkvale Financial Corp.	2,600	57,996	68,432
Patina Oil & Gas Corp.	26,162	418,086	781,459

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Paychex Inc.	9,548	\$ 253,454	\$ 323,486
Pediatric Svcs Of America	3,200	21,608	40,608
Pediatrix Medical Group Inc	13,146	671,068	918,248
Penney J C Inc	52,023	1,732,587	1,964,388
Pennfed Financial Svcs Inc.	2,500	32,419	83,050
Penns Wood Bancorp Inc.	1,300	57,655	57,863
Peoples Bancorp Inc.	1,155	16,931	31,127
Peoples Energy Corp	21,714	820,830	915,245
Peoplesoft Inc.	9,354	247,950	173,049
Pep Boys Manny, Moe, & Jack	30,082	421,058	762,579
Pepsi Bottling Group Inc.	6,954	158,926	212,375
Pepsico Inc. Capital Stock	98,878	4,269,203	5,327,547
Perini Corp.	2,100	14,217	22,407
Perkinelmer Inc.	3,199	56,103	64,108
Pfizer Inc Com	380,946	11,508,468	13,058,829
Pharmaceutical Product Devel	14,600	452,575	463,842
Phelps Dodge	2,657	163,558	205,944
Phillips Van Heusen	14,200	202,656	273,350
Photon Dynamics Inc.	16,400	560,571	575,148
Pier 1 Imports Inc/Del	4,100	74,240	72,529
Pinnacle West Capital	2,315	87,053	93,503
Pitney Bowes, Inc.	22,641	824,771	1,001,864
Plains Exploration & Production Co.	23,185	251,645	425,445
Planar Systems Inc.	3,900	52,559	52,221
Plum Creek Timber Co. - Reit	4,640	135,783	151,171
Point.360	3,500	12,291	12,950
Polaris Industries Inc.	3,800	92,625	182,400
Pomeroy Computer Resources	2,000	22,580	23,780
Potlatch Corp.	1,500	58,539	62,460
Power Integrations Inc.	16,996	492,702	423,200
Power-One Inc.	2,099	108,546	23,047
Powerwave Technologies Inc.	65,482	611,569	504,211
Praxair Inc.	8,242	221,611	328,938
Prepaid Legal Services Inc.	10,100	239,309	240,683
Precis Inc.	7,000	28,823	17,570
T Rowe Price Group Inc.	3,097	97,157	156,089
Prime Medical Svcs Inc.	1,000	5,280	7,940
Principal Financial Group	8,302	233,288	288,744
Procter & Gamble Co Com	108,278	4,421,510	5,894,654
Progress Energy Inc.	50,608	2,152,054	2,229,282

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Progressive Corporation Ohio	5,521	\$ 211,953	\$ 470,941
Prologis Trust	4,540	124,509	149,457
Provident Bankshares Corp.	6,100	183,194	175,924
Provident Financial Group	8,600	257,707	339,356
Providian Financial Corp.	7,351	113,032	107,839
Prudential Financial Inc.	26,242	1,004,339	1,219,466
Public Service Enterprise Gp	5,729	169,353	229,332
Pulte Corp.	3,098	48,067	161,189
Qlogic Corp.	2,880	215,263	76,579
Qualcomm Inc.	20,722	1,038,203	1,512,292
Quanex Corp.	6,800	141,206	331,160
Quest Diagnostics Inc	2,672	155,959	226,986
Qwest Communications Intl.	43,001	1,304,347	154,374
R & B Inc.	2,500	20,856	48,975
R.H. Donnelley Corp.	8,400	209,744	367,416
RPM Inc/Ohio	33,300	527,450	506,160
Radioshack Corp	4,272	72,322	122,307
Rare Hospitality Intl Inc.	18,521	485,636	461,173
Rayovac Corp.	14,700	197,123	413,070
Raytheon Company	10,513	442,077	376,050
Reebok International Limited	1,503	57,277	54,078
Regions Financial Corp.	5,633	185,161	205,886
Republic Bancorp	28,507	374,815	396,247
Republic First Bancorp Inc.	1,100	4,496	14,234
Resources Connection Inc.	36,805	836,970	1,439,444
Retek Inc.	57,229	414,661	351,386
Rex Stores Corp.	6,375	57,992	78,094
RJ Reynolds Tobacco Holdings	2,339	130,216	158,093
Riviana Foods Inc.	4,500	122,061	117,765
Robert Half Intl Inc.	4,315	119,675	128,458
Rockwell Automation	4,701	78,139	176,335
Rockwell Collins	4,516	106,698	150,473
Rohm & Haas Company	5,631	235,906	234,137
Rouse Co	16,600	733,373	788,500
Rowan Companies Inc.	2,375	55,773	57,784
Ruddick Corp.	27,000	390,455	606,150
Russell Corporation	21,000	357,902	377,160
Ryan's Restaurant Group Inc	19,750	139,565	312,050
Ryder System Inc.	1,592	45,631	63,791
Ryland Group Inc.	6,000	214,018	469,200

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
S & K Famous Brands Inc	1,200	\$ 11,515	\$ 19,884
S & T Bancorp Inc.	2,000	59,262	63,960
SBC Communications Inc	104,469	3,265,478	2,533,373
SLM Corp	11,470	242,195	463,962
Sabre Holdings Inc.	3,634	132,788	100,698
Safeco Corp	16,710	699,367	735,240
Safety Insurance Group, Inc.	6,900	130,174	147,798
Safeway, Inc.	11,196	541,379	283,707
St Jude Medical Inc	19,729	1,046,798	1,492,499
St Paul Companies Inc	43,998	1,655,665	1,783,679
Sanderson Farms Inc	3,750	41,671	201,075
Sanmina-Sci Corp	231,136	2,671,332	2,103,338
Sara Lee Corporation	43,311	877,468	995,720
Schering Plough	37,257	1,002,329	688,509
Schlumberger Limited	15,369	855,617	976,085
Scholastic Corp.	3,077	85,937	92,156
School Specialty Inc.	8,800	182,245	319,528
Schwab (Charles) Corp.	34,451	344,341	331,074
Schweitzer-Mauduit Intl Inc.	9,600	276,676	294,048
Scientific - Atlanta, Inc.	3,779	70,291	130,376
Sealed Air Corp.	2,141	100,492	114,051
Sears Roebuck & Co.	5,663	261,015	213,835
Second Bancorp Inc.	3,800	105,767	118,978
Select Medical Corp.	37,300	438,820	500,566
Sempra Energy	5,662	140,533	194,943
Sensient Technologies Corp.	29,200	582,143	627,216
Serena Software Inc.	24,270	504,633	463,314
Shaw Group Inc.	5,000	78,334	50,650
Sherwin Williams Co.	3,724	109,323	154,732
Shoe Carnival Inc.	5,000	61,806	75,050
Shopko Stores Inc.	19,000	258,219	268,660
Siebel Systems Inc.	12,417	557,354	132,738
Sierra Bancorp	200	3,156	3,170
Sigma-Aldrich Corporation	1,798	70,519	107,179
Silgan Holdings Inc.	8,500	166,958	342,635
Simmons First Natl Corp. - Cl A	3,800	41,616	98,914
Simon Property Group Inc.	23,994	1,059,651	1,233,771
Skywest Inc.	17,400	190,804	302,934
Jm Smucker Company-New	0	4	4
Snap-On, Inc.	1,476	40,306	49,520
Sola International Inc.	10,400	118,659	179,192

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Solectron Corp.	22,047	\$ 395,053	\$ 142,644
Sonic Automotive Inc.	10,700	244,315	237,005
Sourcecorp	7,600	145,345	209,152
South Jersey Industries	6,400	259,508	281,600
Southern Co.	18,306	338,173	533,620
Southtrust Corp.	8,629	186,670	334,891
Southwest Air	152,956	2,334,854	2,565,072
Southwest Bancorp Inc.	3,000	22,863	54,750
Sovereign Bancorp Inc.	7,818	172,234	172,778
Sprint Corporation	123,783	1,949,096	2,178,581
Stage Stores Inc.	10,000	216,620	376,600
Stancorp Financial Group	1,000	66,474	67,000
Standard Commercial Corp.	7,700	92,534	138,985
Standard Pacific Corp.	10,700	137,991	527,510
Standex International Corp.	4,300	115,372	116,960
Stanley Furniture Co Inc.	3,000	70,809	126,330
Stanley Works	2,166	86,365	98,726
Staples Inc.(Retail & Delivery)	69,750	1,794,377	2,051,348
Starbucks Corp.	9,905	184,762	430,768
Starwood Hotels & Resorts	65,589	2,595,475	2,941,667
State Street Corp.	8,431	288,170	413,456
Station Casinos Inc.	26,200	352,826	1,268,080
Stein Mart Inc.	34,150	368,338	555,279
Sterling Finl Corp./Spokane	6,207	52,413	197,817
Stewart Info Svcs	7,800	151,951	263,406
Stone Energy Corp.	16,100	648,975	735,448
Stonepath Group Inc.	4,000	10,668	8,560
Stoneridge Inc.	8,600	107,204	146,200
Storage Technology Corp.	19,600	527,487	568,400
Strattec Security Corp.	1,500	52,935	102,645
Stryker Corporation	10,072	276,347	553,960
Summa Industries	2,500	23,458	27,125
Sun Microsystems	82,816	575,774	358,593
Sungard Data Systems Inc	7,213	151,865	187,538
Sunoco Inc.	1,944	64,531	123,677
Sunrise Assisted Living Inc.	900	23,322	35,226
Sunopta Inc	74,100	674,891	632,073
Sun Trust Bank Inc	7,104	450,669	461,689
Superior Energy Services Inc.	52,202	515,320	524,630
Superior Industries Int'L., Inc.	7,700	267,126	257,565
Super Valu Stores	3,393	58,329	103,860

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Sybase Inc.	31,300	\$ 524,197	\$ 563,400
Symantec Corp.	8,294	189,941	363,111
Symbol Technologies, Inc.	5,848	118,234	86,200
Synaptics Inc.	29,145	358,572	563,081
Synovus Financial Corp.	7,701	174,033	194,989
Sysco Corp	16,477	269,667	591,030
TECO Energy Inc.	4,756	106,120	57,024
TJX Companies Inc.	12,948	118,996	312,565
TSR Inc.	2,100	13,086	14,175
TXU Corporation	78,674	1,829,513	3,187,084
Tandy Brands Accessories Inc.	3,100	43,288	42,238
Target Corp	38,100	993,041	1,618,107
Taylor Capital Group Inc.	1,800	37,657	39,150
Tecumseh Products - Co.	7,700	309,928	317,163
Tekelec	47,942	494,225	871,106
Tektronix, Inc.	2,152	45,553	73,211
Telephone & Data Sytems	9,000	337,936	640,800
Tellabs, Inc.	10,457	260,223	91,394
Temple-Inland, Inc.	17,271	1,143,354	1,196,017
Tenet Healthcare Corporation	11,835	249,283	158,707
Teradyne, Inc.	4,791	175,716	108,756
Teva Pharmaceuticals	9,300	527,184	624,774
Texas Instruments, Inc.	87,761	1,897,567	2,122,061
Textron, Inc.	3,427	201,484	203,392
Thermo Electronics Corp	4,103	99,088	126,126
Thomas & Betts Corporation	1,483	53,637	40,382
Thomas Industries Inc.	6,900	204,311	229,080
3 M Co	34,426	2,102,827	3,098,684
Tiffany & Co.	3,682	110,379	135,682
Timberland Bancorp Inc.	1,100	14,746	24,585
Time Warner Inc	318,864	6,914,974	5,605,629
Torchmark Corp	2,944	97,843	158,387
Toro Co.	7,600	117,735	532,532
Toys R Us	5,404	145,800	86,086
Tractor Supply Company	5,500	228,478	230,010
Transmontaigne Inc.	17,100	101,789	91,998
Triad Guaranty Inc.	6,100	276,080	355,020
Tribune Co.	7,937	264,189	361,451
Trico Bancshares	7,400	62,037	137,714
Trover Solutions Inc.	3,900	19,308	27,027

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Trustmark Corp.	13,772	\$ 393,269	\$ 398,286
Tyco International Ltd.	50,848	1,482,012	1,685,103
UCBH Holdings Inc.	13,241	238,973	523,284
UICI	29,800	367,445	709,538
USB Holdings Co. Inc.	9,045	151,117	207,311
UST Inc	30,141	989,555	1,085,076
US Bancorp	48,792	1,184,191	1,344,708
URS Corp.	15,400	251,046	421,960
Union Pacific Corporation	7,044	451,074	418,766
Union Planters Corp.	5,035	156,018	150,093
Unisys Corp.	8,414	122,121	116,786
Unit Corp.	17,105	401,226	537,952
United Auto Group Inc.	19,200	264,512	588,480
United Bankshares Inc.	7,100	215,590	230,750
United Defense Inds Inc.	29,200	751,700	1,022,000
United Fire & Casualty Co.	810	35,343	46,778
United Industrial Corp.	5,100	81,057	119,085
United Parcel Service - CI B	44,741	3,017,734	3,363,181
United Security Bancshares	2,000	43,833	39,880
United States Steel Corp.	3,216	79,710	112,946
United Technologies	13,368	753,176	1,222,905
Unitedhealth Group Inc.	15,900	384,052	989,775
Universal American Financial	10,800	52,958	118,584
Universal Corporation	16,000	540,951	815,040
Universal Forest Products	10,900	209,109	349,781
Univision Communications - CI A	8,114	298,958	259,080
Unocal Corp	6,544	235,997	248,672
Unumprovident Corp	7,498	245,352	119,218
V F Corporation	2,740	90,483	133,438
Valassis Communication	29,900	790,141	911,053
Valero Energy Corp.	3,200	206,022	236,032
Vectren Corporation	14,200	346,615	356,278
Veritas Software Corp.	10,521	923,493	292,379
Versign Inc.	68,000	1,211,719	1,353,200
Verizon Communications	236,057	9,197,869	8,542,903
Viacom Inc. - CI B	64,737	2,253,779	2,312,406
Visteon Corp.	3,315	28,603	38,686
Visx Inc.	12,361	247,731	330,286
Vital Signs Inc.	1,500	41,185	43,560
Vulcan Materials Co.	2,576	116,624	122,489

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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
WGL Holdings Inc.	26,100	\$ 723,855	\$ 749,592
WPS Resources Corp.	5,400	244,945	250,290
WSFS Financial Corp.	1,900	23,444	92,264
Wabash National Corp.	19,294	293,986	531,550
Wachovia Corp.	107,619	4,617,844	4,789,046
Wal-Mart Stores Inc.	148,677	5,305,221	7,844,199
Walgreen Co.	26,095	583,065	944,900
Warnaco Group Inc./The	41,985	685,427	893,021
Warwick Valley Telephone Co	1,200	24,575	25,500
Washington Banking Co.	1,380	13,980	20,438
Washington Mutual Inc.	37,138	1,205,404	1,435,012
Waste Holdings Inc.	6,714	51,533	74,928
Waste Management Inc.	42,399	1,371,948	1,299,529
Water Pik Technologies	5,700	50,827	94,392
Waters Corp.	3,152	115,479	150,603
Watson Pharmaceutical Inc.	2,815	126,282	75,724
Watts Industries Inc - Cl A	2,400	43,847	64,680
Wayne Bancorp	2,245	53,258	63,646
Webco Industries	400	1,513	1,508
Wellpoint Health Networks - Cl A	3,690	196,220	413,317
Wells Fargo Company(1998)	54,998	2,208,441	3,147,536
Wendy's International, Inc.	2,878	81,192	100,270
West Coast Bancorp/Oregon	2,100	31,431	45,024
Westcorp	10,723	209,752	487,360
Western Digital Corp	49,900	425,681	432,134
Weyerhaeuser Co.	6,155	328,731	388,504
Whirlpool Corporation	1,740	97,435	119,364
Williams Companies Inc	13,131	298,242	156,259
Winn-Dixie Stores Inc.	3,572	106,242	25,718
Wintrust Financial Corp.	13,210	472,079	667,237
Wolverine World Wide	31,564	536,773	828,555
World Acceptance Corp	8,200	45,617	150,306
Worldwide Restaurant Concept	12,200	37,683	42,578
Worthington Industries	2,180	36,314	44,755
Wrigley (Wm.) Jr. Co.	5,708	241,518	359,889
Wyeth	33,882	1,277,366	1,225,173
Wynn Resorts Ltd.	17,600	700,028	679,888
XM Satellite Radio Hold - Cl A	28,100	673,139	766,849
Xcel Energy Inc	10,113	254,310	168,988
Xilinx Inc	8,658	327,810	288,398

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2004

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Xerox Corporation	20,124	\$ 516,784	\$ 291,798
Yadkin Vy Bk & Tr Elkin N C	1,100	14,487	14,058
Yahoo! Inc.	89,200	3,137,597	3,246,880
York International Corp	33,871	1,078,870	1,391,082
Yum! Brands Inc	7,418	129,807	276,098
Zale Corp.	16,000	223,661	436,160
Zebra Technologies Corp. - Cl A	6,735	252,790	585,945
Zimmer Holdings Inc.	19,645	1,095,383	1,732,689
Zions Bancorporation	10,886	633,303	668,945
Zoran Corp.	31,416	568,897	576,484
Zymogenetics Inc.	24,050	331,262	456,950
Ace Ltd.	7,114	264,968	300,780
Aspen Insurance Holdings Ltd.	4,600	112,397	106,858
Cooper Industries Ltd-Cl A	2,365	105,244	140,505
Ingersoll-Rand Co - Cl A	4,396	186,566	300,291
Nabors Industries Ltd	3,694	173,055	167,043
Noble Corp	3,389	135,536	128,409
Uti Worldwide Inc.	10,636	335,713	561,794
Transocean	8,111	289,021	234,732
XI Capital Ltd. - Class A	3,465	283,668	261,469
	<u>21,884,325</u>	<u>\$ 582,020,655</u>	<u>\$ 681,964,644</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2004

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Advantest Corp.	19,600	\$ 1,592,335	\$ 1,313,073
BG Group Plc.	530,000	2,072,136	3,265,524
Carrefour Supermarche	36,000	1,792,331	1,746,720
Colruyt Nv	26,600	1,546,218	3,284,833
China Mobile Ltd.	260,000	812,395	786,687
CLP Holdings Limited	620,000	2,396,003	3,394,190
Canon Inc.	50,000	1,226,353	2,634,835
Cnooc Ltd.	5,005,000	2,133,267	2,117,554
Denso Corporation	115,000	1,743,740	2,676,992
Eisai Co. Ltd.	85,000	1,690,083	2,446,043
Fuji Photo Film Co.	63,000	2,384,574	1,974,614
Fujisawa Pharmaceutical Co.	92,000	2,101,637	2,179,535
Fanuc	38,300	1,638,171	2,285,048
Hennes & Mauritz Ab-B Shs	77,400	1,362,438	1,998,460
Hirose Electric Co. Ltd.	18,500	1,904,331	2,032,855
Honda Motor Co. Ltd.	53,600	1,780,939	2,583,843
Hong Kong & China Gas	2,255,000	2,403,397	3,715,063
Hutchison Whampoa	301,000	2,190,162	2,054,957
Ito-Yokado Co., Ltd.	44,000	2,257,552	1,883,151
Inditex	84,000	1,865,613	1,927,466
Kingfisher Plc	403,000	1,946,306	2,092,031
Kao Corporation	85,000	1,866,671	2,048,756
Keyence Corporation	9,600	1,001,105	2,189,836
L'Oreal	25,900	1,766,205	2,068,713
LVMH (Moet-Hennessy Louis Vui)	27,450	1,041,625	1,985,454
Lend Lease Corp Ltd	259,827	2,283,897	1,860,634
Mitsubishi Tokyo Financial	267	3,091,595	2,471,429
Millea Holdings Inc.	164	1,697,034	2,434,862
Mitsubishi Estate Co. Ltd.	205,000	1,896,537	2,543,830
Murata Manufacturing Co. Ltd.	13,600	894,557	775,255
Nokia Ab - A Shs	78,900	764,979	1,138,485
Ntt Docmo, Inc	635	1,275,912	1,134,812
Nikko Securities Co. Ltd.	273,000	2,264,043	1,323,530
NTT Corp.	290	1,998,091	1,549,466
Novo Nordisk A/S-B	61,700	1,501,675	3,176,274
Reckitt Benckiser Plc.	97,770	1,847,540	2,767,745
Rohm Company	14,200	1,262,839	1,699,601

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2004

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Shell Transport & Trading Co.	335,000	\$ 2,053,603	\$ 2,457,429
Suncor Energy Inc.	41,000	1,103,866	1,040,022
Secom	33,000	1,280,446	1,400,266
Shin-Etsu Chemical Co.	58,000	1,155,693	2,073,042
Sony Corp.	50,300	2,122,289	1,894,634
Total Fina Elf Sa	11,500	1,555,859	2,192,464
Television Francaise (T.F.1)	66,070	2,211,261	2,081,143
Takeda Chemical Inds	42,000	967,052	1,843,743
UCB Sa	58,700	1,706,851	2,733,856
Woodside Petroleum Limited	348,000	1,692,093	4,041,088
	<u>12,373,873</u>	<u>\$ 81,143,301</u>	<u>\$ 101,319,844</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF SHORT TERM INVESTMENTS
JUNE 30, 2004

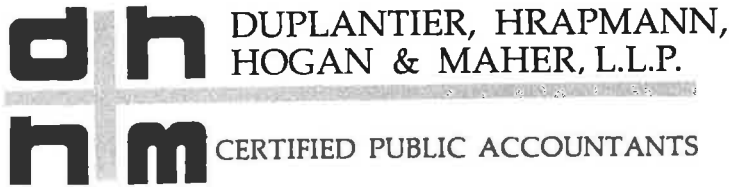
<u>Automatic Sweep Vehicles</u>	
Northern Trust Collective Government STIF	\$ <u>52,880,902</u>
TOTAL AUTOMATIC SWEEP VEHICLES	<u>52,880,902</u>
U.S. Treasury Bill	<u>20,164,888</u>
FNMA Discount Note	<u>8,000,000</u>
<u>Commercial Paper</u>	
General Electric Cap. Corp.	<u>13,843,644</u>
TOTAL COMMERCIAL PAPER	<u>13,843,644</u>
TOTAL SHORT TERM INVESTMENTS	\$ <u><u>94,889,434</u></u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF REAL ESTATE HELD FOR INVESTMENT
JUNE 30, 2004

	<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, 2004

EXPENSES:		\$	1,554,083
Salaries			22,505
Overtime pay			242,793
Related benefits			12,003
Student labor			7,425
Compensation - board			<u>1,838,809</u>
Total expenses			
OPERATING EXPENSES:			10,800
Professional improvement - staff and board			54,987
Travel - board			16,793
Travel - staff			<u>82,580</u>
Total operating expenses			
OPERATING SERVICES:			41,969
Printing			40,774
Equipment maintenance			275,454
Building expense			4,671
Dues			104,872
Postage			43,584
Telephone			4,047
Insurance			15,669
Legal			<u>531,040</u>
Total operating services			
SUPPLIES:			23,641
Office			31,126
Computer			<u>54,767</u>
Total supplies			
PROFESSIONAL SERVICES:			6,089
Medical			45,000
Actuary			25,210
Audit			<u>76,299</u>
Total professional services			
INTERAGENCY TRANSFERS:			1,673
Secretary of State			5,063
Civil Service			<u>6,736</u>
Total interagency transfers			
OTHER CHARGES:			3,100
Legiscon			25,438
Miscellaneous expenses			14,071
Computer software			<u>42,609</u>
Total other charges			
TOTAL EXPENSES		\$	<u>2,632,840</u>



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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 20, 2004

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, 2004, and have issued our report thereon dated August 20, 2004. 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*.

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, Sharpnack, Hogan and Thacker, LLP