

REPORT
STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2005 AND 2004

d|h DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.
h|m CERTIFIED PUBLIC ACCOUNTANTS

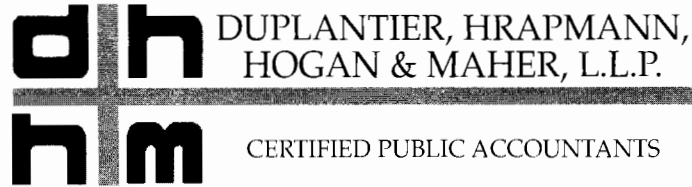
New Orleans, Louisiana

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
INDEX TO REPORT
JUNE 30, 2005 AND 2004

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3 - 7
FINANCIAL STATEMENTS:	
Statements of Plan Net Assets	8
Statements of Changes in Plan Net Assets.....	9
Notes to Financial Statements.....	10 - 24
SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress	25
Schedule of Employer Contributions	26
Notes to Schedule of Funding Progress and Schedule of Contributions.....	27
Statements of Changes In Reserve Balances.....	28 - 29
Schedules of Per Diem Paid to Trustees.....	30
Schedule of U. S. Government and Agency Obligations	31

(Continued)

	<u>PAGE</u>
Schedule of Bonds.....	32 – 40
Schedule of Domestic Stocks	41 – 67
Schedule of Foreign Stocks	68 – 69
Schedule of Short-Term Investments	70
Schedule of Real Estate Held for Investment.....	71
Schedule of Administrative Expenses	72
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON A FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	73 – 74



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INDEPENDENT AUDITOR'S REPORT

August 26, 2005

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, 2005 and 2004, 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, 2005 and 2004, 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, 2005 and 2004 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 25 - 27, and the supplemental schedules listed on pages 28 - 72 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, 2000 - 2005 and supplemental schedules for the years ending June 30, 2005 and 2004, 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 26, 2005 on our consideration of State of Louisiana School Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Duplante, Harman, Hogan & Madsen LLP

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2005

The following is management's discussion and analysis of the financial performance of Louisiana Employees' Retirement System (LSERS). It is presented as a narrative overview and analysis for the 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 \$115,092,079, however, this is a 27% decrease from net investment income of \$157,897,575 at June 30, 2004. This net investment decrease is due to the decrease in the net appreciation in fair value of investments.
- Total contributions increased by \$9,019,356 or 19%. This increase is mainly due to increase in employer rate contribution from 11.2% for FY 2004 to a 14.8% for FY 05.
- The employer credit expense decreased by \$6,064,685 or 100% due to the depletion of the Employer Credit Account in FY 04.
- Other operating expenses increased by \$88,606 or 59% due to an increase in the number of transfers from LSERS to other systems.
- Refunds of member contributions decreased by \$887,241 or 23% due to stabilization of reporting agencies and no privatization of jobs during FY 05.

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
- Notes to the Financial Statements

The 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 result any net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2005 and June 30, 2004.

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2005

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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash	\$ 12,045,346	\$ 6,533,638
Receivables	25,533,967	40,348,382
Investments	1,740,198,684	1,650,772,606
Property and Equipment	<u>3,925,350</u>	<u>3,857,021</u>
Total Assets	<u>1,781,703,347</u>	<u>1,701,511,647</u>
Total Liabilities	<u>291,304,025</u>	<u>266,725,850</u>
Net Assets Held in Trust		
For Pension Benefits	<u>\$ 1,490,399,322</u>	<u>\$ 1,434,785,797</u>

Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2005 and 2004

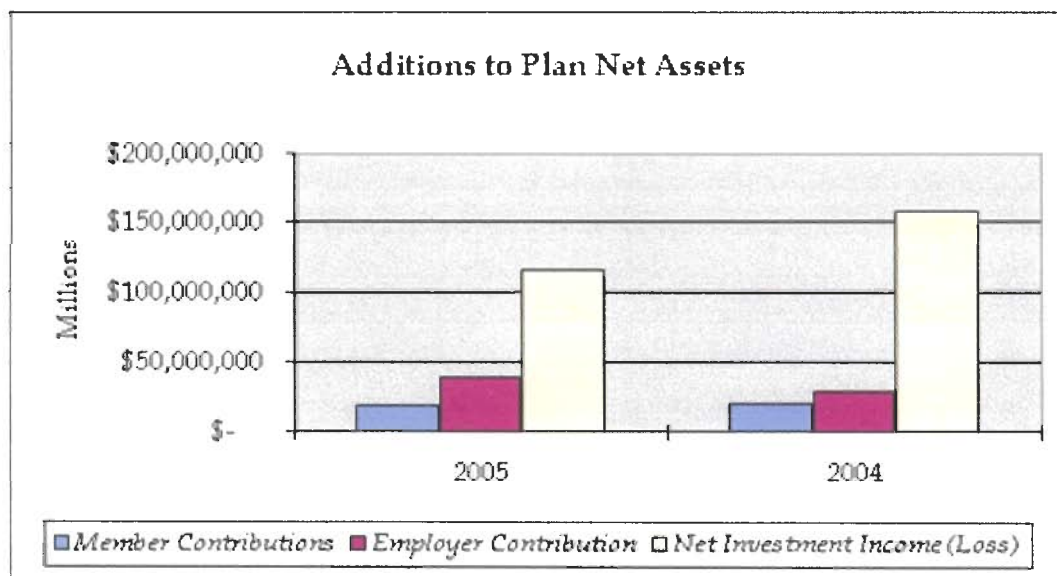
	<u>2005</u>	<u>2004</u>
Additions:		
Contributions	\$ 56,700,564	\$ 47,681,208
Investment Gains	115,092,079	157,897,575
Other	<u>--</u>	<u>204,178</u>
Total Additions	<u>171,792,643</u>	<u>205,782,961</u>
Total Deductions	<u>116,179,118</u>	<u>115,187,933</u>
Change in Plan Net Assets	<u>\$ 55,613,525</u>	<u>\$ 90,595,028</u>

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2005

Additions to Plan Net Assets

Additions to LSERS plan net assets were derived from member and employer contributions and net gain on investments. Employer contributions increased \$9,748,737 or 35% while employee contributions decreased \$729,381 or 4%. The increase in employer contributions is due primarily to stabilization of employment by major employers. The System experienced a net investment income of \$115,092,079 for the fiscal year ending June 30, 2005 as compared to a net investment income of \$157,897,575 for fiscal year ending June 30, 2004. This decrease in investment income is due to less favorable market returns for this year.

<u>Additions to Plan Net Assets</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Member Contributions	\$ 18,946,671	\$ 19,676,052	\$ (729,381)	-4%
Employer Contributions	37,753,893	28,005,156	9,748,737	35%
Net Investment Income (Loss)	115,092,079	157,897,575	(42,805,496)	-27%
Other Operating Revenues	--	204,178	(204,178)	-100%
Total	<u>\$171,792,643</u>	<u>\$205,782,961</u>	<u>\$(33,990,318)</u>	

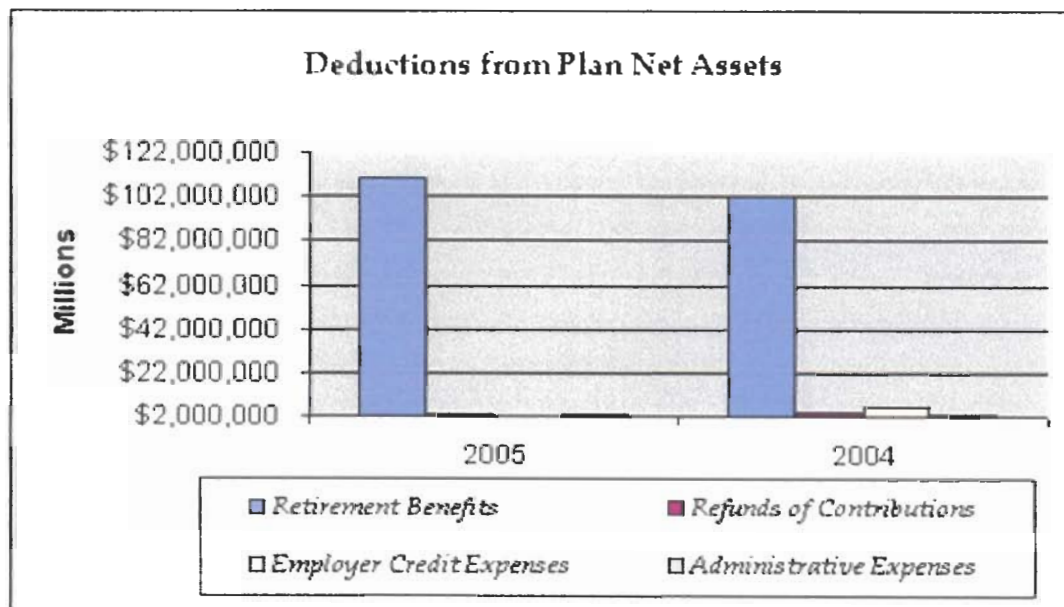


LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2005

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits, and administrative expenses. Deductions from plan net assets totaled \$116,179,118 in fiscal year 2005. This increase of \$991,185 or 1% increase is due mainly to retirement benefits. The cost of administering LSERS benefits per member during 2005 was \$123 per individual as compared to \$105 per individual in 2004.

<u>Deductions from Plan Net Assets</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Retirement Benefits	\$109,842,001	\$102,474,273	\$ 7,367,728	7%
Refunds of Contributions	2,979,098	3,866,339	(887,241)	-23%
Employer Credit Expenses	--	6,064,685	(6,064,685)	-100%
Admin. Expenses	3,119,617	2,632,840	486,777	18%
Other Operating Expenses	<u>238,402</u>	<u>149,796</u>	<u>88,606</u>	59%
Total	<u>\$116,179,118</u>	<u>\$115,187,933</u>	<u>\$ 991,185</u>	



Investments

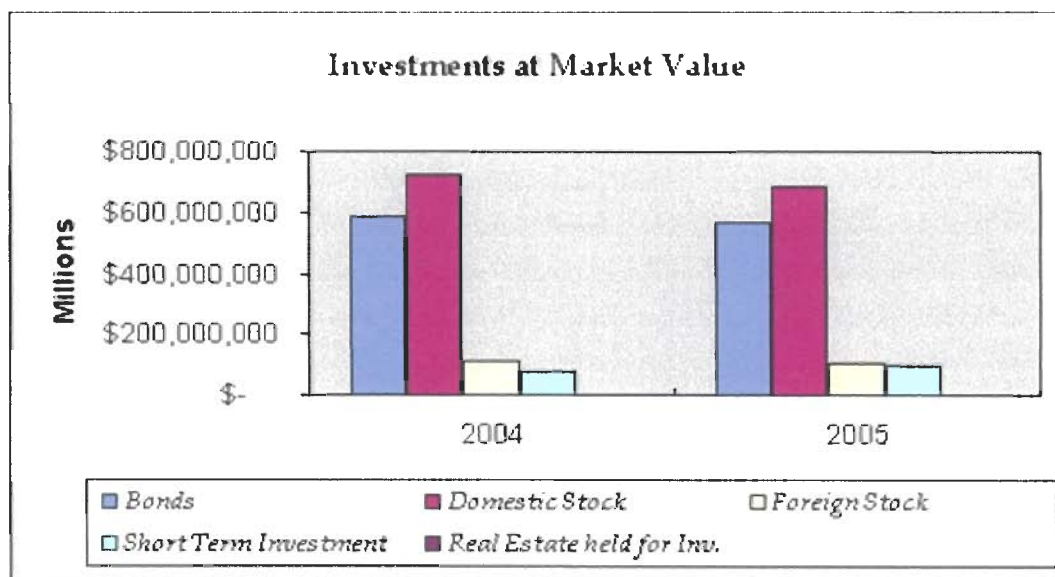
LSERS is responsible for the prudent management of funds held in trust for the exclusive benefits of our members' pension benefits. Funds are invested to achieve maximum returns without exposing

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2005

retirement assets to unacceptable risks. Total investments at June 30, 2005 were \$1,492,625,517 as compared to \$1,444,177,090 at June 30, 2004, a \$48.4 million dollar increase. This is a three percent increase over total investments at June 30, 2004.

This improvement is a result of positive returns in the markets for the 2005 fiscal year. LSERS investments in various markets at the end of the 2005 and 2004 fiscal year are indicated in the following table:

<u>Investments</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Bonds	\$ 586,752,454	\$ 564,303,168	\$22,449,286	4%
Domestic Stock	721,815,680	681,964,644	39,851,036	6%
Foreign Stock	106,079,750	101,319,844	4,759,906	5%
Short Term Inv.	75,608,717	94,889,434	(19,280,717)	-20%
Real Estate Held for Inv.	2,368,916	1,700,000	668,916	39%
Total	<u>\$1,492,625,517</u>	<u>\$1,444,177,090</u>	<u>\$48,448,427</u>	



REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or for additional financial information, request can be addressed to Louisiana School Employees' Retirement System, Accounting Department, P. O. Box 44516, Baton Rouge, Louisiana 70804-4516.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2005 AND 2004

	<u>ASSETS</u>	
	<u>2005</u>	<u>2004</u>
CASH:		
In bank	\$ <u>12,045,346</u>	\$ <u>6,533,638</u>
RECEIVABLES: (Notes 1 and 3)		
Member contributions	2,766,509	2,929,947
Employer contributions	5,393,189	3,191,328
Accrued interest and dividends	5,830,125	5,858,992
Investment receivable	11,520,178	28,367,749
Other	23,966	366
Total receivables	<u>25,533,967</u>	<u>40,348,382</u>
INVESTMENTS, AT FAIR VALUE:		
(Notes 1, 5, 6, and 7) (Pages 31 - 71)		
U.S. Government and agency obligations	80,853,169	87,526,266
Bonds - domestic and foreign	505,899,285	476,776,902
Marketable securities - domestic	721,815,680	681,964,644
Marketable securities - foreign	106,079,750	101,319,844
Collateral held under securities lending program	247,573,167	206,595,516
Short-term investments	75,608,717	94,889,434
Real estate held for investment	2,368,916	1,700,000
Total investments	<u>1,740,198,684</u>	<u>1,650,772,606</u>
PROPERTY AND EQUIPMENT, AT COST: (Notes 1 and 9)		
Building	3,675,776	3,553,274
Land	1,010,225	976,558
Furniture and equipment	1,007,789	955,250
	<u>5,693,790</u>	<u>5,485,082</u>
Less accumulated depreciation	1,768,440	1,628,061
Total property and equipment	<u>3,925,350</u>	<u>3,857,021</u>
Total assets	<u>1,781,703,347</u>	<u>1,701,511,647</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	1,045,285	950,781
Accrued expenses and benefits	226,550	259,463
Obligations under securities lending program (Notes 5 and 6)	247,573,167	206,595,516
Investment payable	42,459,023	58,920,090
Total liabilities	<u>291,304,025</u>	<u>266,725,850</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u>1,490,399,322</u>	\$ <u>1,434,785,797</u>
(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, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ADDITIONS:		
Contributions: (Notes 1 and 3)		
Member contributions	\$ 18,946,671	\$ 19,676,052
Employer contributions	37,753,893	28,005,156
Total contributions	<u>56,700,564</u>	<u>47,681,208</u>
Investment Income: (Note 1)		
Net appreciation in fair value of investments	71,139,104	119,494,057
Interest	30,456,898	28,932,374
Securities lending income	5,093,119	2,261,324
Dividends	16,278,260	12,081,835
Real estate income	288,935	280,313
Foreign currency exchange gain	-	5,883
	<u>123,256,316</u>	<u>163,055,786</u>
Less Investment Expense:		
Investment advisory fee	3,119,925	2,906,037
Custodian and bank fees	198,800	230,425
Foreign currency exchange loss	32,602	-
Securities lending expense	4,688,316	1,884,022
Real estate expense	124,594	137,727
	<u>8,164,237</u>	<u>5,158,211</u>
Net investment gain	<u>115,092,079</u>	<u>157,897,575</u>
Other Additions:		
Transfers from other systems - employee	-	20,711
Transfers from other systems - employer and interest	-	183,467
	<u>-</u>	<u>204,178</u>
Total additions	<u>171,792,643</u>	<u>205,782,961</u>
DEDUCTIONS:		
Retirement benefits paid	109,842,001	102,474,273
Refunds of contributions	2,979,098	3,866,339
Employer contribution refund	-	6,064,685
Administrative expenses (Page 72)	3,119,617	2,632,840
Depreciation expense	140,379	149,796
Transfer to other systems - employee	11,369	-
Transfer to other systems - employer and interest	86,654	-
Total deductions	<u>116,179,118</u>	<u>115,187,933</u>
NET INCREASE	<u>55,613,525</u>	<u>90,595,028</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,434,785,797	1,344,190,769
END OF YEAR	<u>\$ 1,490,399,322</u>	<u>\$ 1,434,785,797</u>

See accompanying notes.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

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 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, 2005 AND 2004

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, 2005, the local government contributors consisted of 67 school boards and 23 other agencies contributing to the Plan. For the year ended June 30, 2004, the local government contributors consisted of 67 school boards and 23 other agencies contributing to the Plan.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

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, 2005 and 2004 plan membership consisted of:

	<u>2005</u>	<u>2004</u>
Retirees and beneficiaries currently receiving benefits	10,953	10,355
Terminated employees entitled to benefits but not yet receiving them	356	418
Terminated vested employees who have not withdrawn contributions (DROP)	856	784
Fully vested, partially and nonvested active employees	<u>13,837</u>	<u>14,212</u>
TOTAL PARTICIPANTS	<u>26,002</u>	<u>25,769</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, 2005 AND 2004

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 in 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, 2005 AND 2004

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, 2005 and 2004. 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, 2005 and 2004 was 14.8% and 11.2%, respectively.

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 used to fund 2.7% of the required employer contributions during 2004. 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, 2005 AND 2004

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, 2005 and 2004 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, 2005 and 2004 is \$141,416,611 and \$140,874,673, 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, 2005 and 2004 is \$626,398,551 and \$655,592,936, respectively. The Pension Accumulation Fund is 36% funded at June 30, 2005 and 41% funded at June 30, 2004.

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, 2005 and 2004 is \$959,145,929 and \$874,493,668, respectively. The Survivors Benefit Reserve as of June 30, 2005 and 2004 is \$103,311,265 and \$98,073,175, respectively. Both Reserves are fully funded.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

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, 2005 and 2004 is \$58,574,777 and \$51,538,322, 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, 2005 and 2004 is \$597,489 and \$385,903, 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 consisted of the accumulated excess employer contributions which exceed the actuarially required employer rate and are available to offset future required employer contributions. The Employer Credit Account as of June 30, 2005 and 2004 is \$0 and \$0, respectively.

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 a 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, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Plan's deposits, cash equivalents and investments at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Deposits (bank balance)	\$ 12,704,204	\$ 6,713,165
Cash equivalents	75,608,717	94,889,434
Investments	<u>1,664,589,967</u>	<u>1,555,883,172</u>
	<u>\$ 1,752,902,888</u>	<u>\$ 1,657,485,771</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, 2005 and 2004, cash equivalents in the amount of \$75,279,057 and \$74,724,546, 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, 2005 and 2004, cash equivalents in the amount of \$329,660 and \$20,164,888, respectively, consist of U. S. Treasury Bills managed by a separate money manager, 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, 2005 AND 2004

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, 2005 and 2004.

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, 2005 and 2004 (U.S. Government and Agency obligations totaling \$80,853,169 and \$87,526,266 are not rated). Below is a schedule of other bonds with their applicable ratings.

2005

	Corporate bonds	Mortgage-backed securities	Collateralized mortgage oblig.	Other	Foreign Government	Total
AAA	\$ 8,246,037	\$ 39,990,533	\$ 46,259,994	\$ -	\$ -	\$ 94,496,564
AA	1,191,596	1,292,175	-	410,296	-	2,894,067
AA-	8,937,414	-	-	1,291,615	-	10,229,029
A+	33,550,632	-	-	-	-	33,550,632
A	26,202,692	-	883,899	766,135	-	27,852,726
A-	26,313,747	-	-	2,149,026	-	28,462,773
BBB+	32,039,936	631,917	994,029	1,301,160	-	34,967,042
BBB	32,371,933	3,395,224	-	4,231,860	-	39,999,017
BBB-	20,879,624	1,235,566	-	955,153	-	23,070,343
BB+	11,204,914	-	-	678,900	-	11,883,814
BB	4,291,632	-	-	-	-	4,291,632
BB-	2,251,750	-	-	-	-	2,251,750
B+	1,080,000	996,076	-	-	-	2,076,076
B	1,414,400	-	-	1,298,850	-	2,713,250
Not rated	-	164,192,623	22,967,947	-	-	187,160,570
	<u>\$ 209,976,307</u>	<u>\$ 211,734,114</u>	<u>\$ 71,105,869</u>	<u>\$ 13,082,995</u>	<u>\$ -</u>	<u>\$ 505,899,285</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

2004

	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 & Poors, 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. Securities that are downgraded below the policy standard must be sold within a reasonable amount of time. In addition, the plan may invest in debt instruments of the U.S. Government or its agencies.

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. The plan is in compliance with the investment policy regarding cash collateral invested under the securities lending program.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

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, 2005 and 2004 for investments in the amounts of \$1,492,625,517 and \$1,444,177,090, respectively, since the investments are in the name of the Plan. At June 30, 2005 and 2004, for collateral held under securities lending in the amounts of \$247,573,167 and \$206,595,516, respectively, and noncash collateral received under the securities lending program in the amounts of \$7,057,170 and \$15,719,498, respectively, 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, 2005 and 2004 as follows:

<u>Currency</u>	2005 <u>Fair Value</u>	2004 <u>Fair Value</u>
Australian dollar	\$ 6,330,776	\$ 5,901,722
European euro	17,958,523	19,159,134
Canadian dollar	2,742,783	1,040,022
Hong Kong dollar	13,373,812	12,068,450
Danish krone	2,673,915	3,176,274
Japanese yen	46,622,327	47,393,053
Swedish krona	3,686,539	1,998,460
British pound	<u>12,691,075</u>	<u>10,582,729</u>
Total	<u>\$ 106,079,750</u>	<u>\$ 101,319,844</u>

The Plan's investment policy has a target of 7 percent of total investments in foreign marketable securities. At June 30, 2005 and 2004, the Plan's current position is 7 percent and 7 percent, respectively.

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, 2005 and 2004, the Plan had the following investments in long-term debt securities and maturities:

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

2005

<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	\$ 80,853,169	\$ -	\$ 35,080,916	\$ 15,951,819	\$ 29,820,434
Other Bonds:					
Corporate Bonds	\$ 209,976,307	\$ 3,357,279	\$ 47,973,434	\$ 124,078,295	\$ 34,567,299
Mortgage-backed securities	211,734,114	-	10,389,508	11,303,740	190,040,866
Collateralized mortgage obligations	71,105,869	-	8,666,780	1,768,049	60,671,040
Other	13,082,995	-	1,925,152	4,128,283	7,029,560
	<u>\$ 505,899,285</u>	<u>\$ 3,357,279</u>	<u>\$ 68,954,874</u>	<u>\$ 141,278,367</u>	<u>\$ 292,308,765</u>
Collateral Held Under Securities Lending Program	\$ 247,573,167	\$ 247,573,167	\$ -	\$ -	\$ -

2004

<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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

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 its 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 accrued interest. Non U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the Plan has no credit risk exposure to borrowers, because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The contract with the Plan's agent requires it to provide borrower indemnification. The custodian's responsibility includes performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

All security loans can be terminated on demand by either the Plan or the borrower, although the average term of a loan is 83 days. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted-average maturity of 28 days. Cash collateral may also be invested separately in "term loans", in which the investments match the loan term. These loans can be terminated on demand by either lender or borrower. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan cannot pledge or sell collateral securities received unless the borrower defaults. There were no significant violations of legal or contractual provisions and no borrower or lending agent default losses are known to the securities lending agent.

The Plan has the following securities on loan:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
	Market	Market
	(Carrying Value)	(Carrying Value)
U. S. Government Securities	\$ 69,609,103	\$ 64,171,482
U. S. Government Agency Securities	3,948,514	14,972,852
Corporate bonds	51,407,847	44,123,919
Marketable Securities – domestic	113,740,517	84,159,368
Marketable Securities – foreign	<u>9,754,821</u>	<u>10,524,551</u>
	<u>\$ 248,460,802</u>	<u>\$ 217,952,172</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

6. SECURITY LENDING TRANSACTIONS: (Continued)

Securities on loan at June 30, 2005 and 2004 are collateralized by cash collateral in the amount of \$247,573,167 and \$206,595,516, respectively, and noncash collateral in the amount of \$7,057,170 and \$15,719,497, respectively.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral at June 30, 2005 and 2004. Such matching did exist since loans may be terminated on demand.

7. FUTURES:

The Plan has entered into futures contracts for the purpose of maintaining market exposure for excess cash. At June 30, 2005 and 2004, the Plan had nineteen and three outstanding S&P future contracts, respectively. The notional value of the open contracts at June 30, 2005 and 2004 was \$5,700,988 and \$848,137, respectively. The fair value of the open contracts at June 30, 2005 and 2004 was \$5,678,625 and \$855,300, 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, 2005 and 2004, the Plan realized net losses and gains of \$(152,903) and \$174,222, respectively, on futures trading. The net losses and gains 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 on Page 30, 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:

	Beginning Balance	Additions	Deletions	Ending Balance
Building	\$ 3,553,274	\$ 122,502	\$ -	\$ 3,675,776
Land	976,558	33,667	-	1,010,225
Furniture and equipment	955,250	52,539	-	1,007,789
Accumulated depreciation	<u>(1,628,061)</u>	<u>(140,379)</u>	-	<u>(1,768,440)</u>
	<u>\$ 3,857,021</u>	<u>\$ 68,329</u>	<u>\$ -</u>	<u>\$ 3,925,350</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

9. PROPERTY AND EQUIPMENT: (Continued)

Depreciation expense for the years ended June 30, 2004 and 2005 was \$140,379 and \$149,796, respectively.

10. SUPPLEMENTARY INFORMATION:

In accordance with GASB 25, required supplementary information can be found in the attached schedules on pages 25 through 27.

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, 2010.

Minimum future rentals to be received on operating leases for each of the next 5 years and in the aggregate are:

<u>JUNE 30</u>	
2006	\$ 283,193
2007	283,193
2008	283,193
2009	283,193
2010	<u>94,398</u>
	<u>\$ 1,227,170</u>

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

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 (DOLLAR AMOUNTS IN THOUSANDS)
JUNE 30, 2000 THROUGH 2005

<u>Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial 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>
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
2005	1,423,207	1,889,445	466,238	75.3	259,232	179.9

* 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, 2000 THROUGH 2005

Year Ended <u>June 30</u>	<u>Actuarially Required Contribution</u>	<u>Percentage Contributed</u>
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
2005	45,553,547	82.88

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 was higher than the actuarially required rate for the years 2000 and 2001. The excess contributions collected were added to the employer credit account. The employer credit account was used to fund future years actuarially required employer contributions.

For the years ending June 30, 2005 and 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, 2000 THROUGH 2005

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, 2005 follows:

Valuation date	June 30, 2005
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	24 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.

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

	Pension <u>Reserve</u>	Survivor <u>Benefit</u>	Annuity <u>Savings</u>	<u>DROP</u>
BALANCES, JULY 1, 2004	\$ <u>874,493,668</u>	\$ <u>98,073,175</u>	\$ <u>140,874,673</u>	\$ <u>51,538,322</u>
REVENUES AND TRANSFERS:				
Contributions:				
Members	-	-	18,946,671	-
Employers	-	-	-	-
Investment income and other sources	-	-	-	-
Transfers from Annuity Savings	15,414,266	-	-	-
Pensions transferred from				
Pension Reserve	-	-	-	17,363,733
Transfers from other systems	-	-	-	-
Operating transfers	-	-	-	-
Transfer from Pension Accumulation	-	-	-	-
Actuarial transfers	<u>183,903,602</u>	<u>7,662,525</u>	-	-
Total revenues	<u>199,317,868</u>	<u>7,662,525</u>	<u>18,946,671</u>	<u>17,363,733</u>
EXPENDITURES AND TRANSFERS:				
Retirement allowances paid	96,246,145	2,424,435	-	10,327,278
Refunds to members	-	-	2,979,098	-
Transfers to Pension Reserve	-	-	15,414,266	-
Pensions transferred to				
Survivor Benefit	-	-	-	-
Pensions transferred to DROP	17,363,733	-	-	-
Pensions transferred to IBRP	1,055,729	-	-	-
Employer contribution refund	-	-	-	-
Transfers to other systems	-	-	11,369	-
Depreciation	-	-	-	-
Administrative expenses	-	-	-	-
Operating transfers	-	-	-	-
Actuarial transfer	-	-	-	-
Total expenditures	<u>114,665,607</u>	<u>2,424,435</u>	<u>18,404,733</u>	<u>10,327,278</u>
NET INCREASE (DECREASE)	<u>84,652,261</u>	<u>5,238,090</u>	<u>541,938</u>	<u>7,036,455</u>
BALANCES - JUNE 30, 2005	\$ <u><u>959,145,929</u></u>	\$ <u><u>103,311,265</u></u>	\$ <u><u>141,416,611</u></u>	\$ <u><u>58,574,777</u></u>

<u>IBRP</u>	<u>Pension Accumulation</u>	<u>Administrative Fund</u>	<u>Surplus (Unfunded) Actuarial Liability</u>	<u>Total</u>
\$ <u>385,903</u>	\$ <u>655,592,936</u>	\$ <u>-</u>	\$ <u>(386,172,880)</u>	\$ <u>1,434,785,797</u>
-	-	-	-	18,946,671
-	37,753,893	-	-	37,753,893
-	115,092,079	-	-	115,092,079
-	-	-	-	15,414,266
1,055,729	-	-	-	18,419,462
-	-	-	-	-
-	-	3,119,617	-	3,119,617
-	-	-	-	-
-	-	-	-	191,566,127
<u>1,055,729</u>	<u>152,845,972</u>	<u>3,119,617</u>	<u>-</u>	<u>400,312,115</u>
844,143	-	-	-	109,842,001
-	-	-	-	2,979,098
-	-	-	-	15,414,266
-	-	-	-	-
-	-	-	-	17,363,733
-	-	-	-	1,055,729
-	-	-	-	-
-	86,654	-	-	98,023
-	140,379	-	-	140,379
-	-	3,119,617	-	3,119,617
-	3,119,617	-	-	3,119,617
-	178,693,707	-	12,872,420	191,566,127
<u>844,143</u>	<u>182,040,357</u>	<u>3,119,617</u>	<u>12,872,420</u>	<u>344,698,590</u>
<u>211,586</u>	<u>(29,194,385)</u>	<u>-</u>	<u>(12,872,420)</u>	<u>55,613,525</u>
\$ <u><u>597,489</u></u>	\$ <u><u>626,398,551</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(399,045,300)</u></u>	\$ <u><u>1,490,399,322</u></u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Pension Reserve</u>	<u>Survivor Benefit</u>	<u>Annuity Savings</u>	<u>DROP</u>
BALANCES, JULY 1, 2003	\$ 815,267,186	\$ 94,827,728	\$ 142,839,419	\$ 46,726,125
REVENUES AND TRANSFERS:				
Contributions:				
Members	-	-	19,676,052	-
Employers	-	-	-	-
Investment income and other sources	-	-	-	-
Transfers from Annuity Savings	17,795,170	-	-	-
Pensions transferred from Pension Reserve	-	-	-	14,708,087
Transfers from other systems	-	-	20,711	-
Operating transfers	-	-	-	-
Transfer from Pension Accumulation	-	-	-	-
Actuarial transfers	146,307,750	5,658,799	-	-
Total revenues	<u>164,102,920</u>	<u>5,658,799</u>	<u>19,696,763</u>	<u>14,708,087</u>
EXPENDITURES AND TRANSFERS:				
Retirement allowances paid	89,749,953	2,413,352	-	9,895,890
Refunds to members	-	-	3,866,339	-
Transfers to Pension Reserve	-	-	17,795,170	-
Pensions transferred to Survivor Benefit	-	-	-	-
Pensions transferred to DROP	14,708,087	-	-	-
Pensions transferred to IBRP	418,398	-	-	-
Employer contribution refund	-	-	-	-
Transfers to other systems	-	-	-	-
Depreciation	-	-	-	-
Administrative expenses	-	-	-	-
Operating transfers	-	-	-	-
Actuarial transfer	-	-	-	-
Total expenditures	<u>104,876,438</u>	<u>2,413,352</u>	<u>21,661,509</u>	<u>9,895,890</u>
NET INCREASE (DECREASE)	<u>59,226,482</u>	<u>3,245,447</u>	<u>(1,964,746)</u>	<u>4,812,197</u>
BALANCES - JUNE 30, 2004	<u>\$ 874,493,668</u>	<u>\$ 98,073,175</u>	<u>\$ 140,874,673</u>	<u>\$ 51,538,322</u>

<u>IBRP</u>	<u>Pension Accumulation</u>	<u>Administrative Fund</u>	<u>Employer Credit Account</u>	<u>Surplus (Unfunded) Actuarial Liability</u>	<u>Total</u>
\$ <u>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>
-	-	-	-	-	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><u>385,903</u></u>	\$ <u><u>655,592,936</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(386,172,880)</u></u>	\$ <u><u>1,434,785,797</u></u>

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PER DIEM AND TRAVEL PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

<u>TRUSTEE</u>	<u>JUNE 30, 2005</u>			
	NUMBER OF MEETINGS	<u>AMOUNTS</u>		<u>TOTAL</u>
		<u>MEETINGS</u>	<u>TRAVEL</u>	
Jeffrey Faulk	15	\$ 1,125	\$ 800	\$ 1,925
Betty Crain	15	1,125	1,225	2,350
Betty Jacobs	15	1,125	-	1,125
Sylvia Myers	14	1,050	1,465	2,515
Joe Seymour	7	525	841	1,366
Judith McKee	7	525	966	1,491
Larry Wilmer	14	1,050	1,066	2,116
Earl Richard	15	<u>1,125</u>	<u>1,131</u>	<u>2,256</u>
TOTALS		<u>\$ 7,650</u>	<u>\$ 7,494</u>	<u>\$ 15,144</u>

<u>TRUSTEE</u>	<u>JUNE 30, 2004</u>			
	NUMBER OF MEETINGS	<u>AMOUNTS</u>		<u>TOTAL</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>

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 AND AGENCY OBLIGATIONS
JUNE 30, 2005

<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 Note	8.875 %	2/15/2019	\$ 250,000	\$ 371,651
U S Treasury Note	7.875	2/15/2021	3,495,000	4,947,200
U S Treasury Note	6.000	2/15/2026	6,010,000	7,404,975
U S Treasury Note	6.125	8/15/2029	4,675,000	5,969,208
U S Treasury Note	5.375	2/15/2031	9,430,000	11,127,400
U S Treasury Note	4.875	2/15/2012	395,000	419,502
U S Treasury Note	3.375	11/15/2008	7,825,000	7,745,835
U S Treasury Note	2.250	2/15/2007	415,000	406,100
U S Treasury Note	4.750	5/15/2014	395,000	419,132
U S Treasury Note	4.000	3/15/2010	2,995,000	3,027,640
U S Treasury Bond	4.000	4/15/2010	545,000	550,961
U S Treasury Note	3.625	4/30/2007	22,255,000	22,242,827
U S Treasury Note	3.875	5/15/2010	295,000	296,682
U S Treasury Bond	4.125	5/15/2015	1,065,000	1,080,559
FNMA Bond	4.125	4/15/2014	6,475,000	6,423,640
U S Government Tips	3.375	1/15/2007	640,000	810,873
U S Government Tips	1.625	1/15/2015	7,495,000	7,608,984
TOTAL U.S. GOVERNMENT OBLIGATIONS			\$ <u>74,655,000</u>	\$ <u>80,853,169</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
CORPORATE BONDS:				
AES Gener Sa	7.500	3/25/2014	\$ 700,000	\$ 711,319
AOL Time Warner Inc	7.625	4/15/2031	500,000	624,445
AT&T Wireless Group	8.125	5/1/2012	1,040,000	1,246,073
Ahold Finance Usa Inc	8.250	7/15/2010	275,000	302,500
Alcan Inc	6.125	12/15/2033	500,000	535,619
Alcoa Inc	6.500	6/1/2011	500,000	553,579
Allstate Corp	6.125	2/15/2012	6,000,000	6,573,018
Altria Group Inc	7.000	11/4/2013	2,000,000	2,238,198
Altria Group Inc	5.625	11/4/2008	2,000,000	2,074,888
Amerada Hess Corp	6.650	8/15/2011	1,500,000	1,650,632
America Movil Sa	6.375	3/1/2035	245,000	239,083
American General Finance	3.875	10/1/2009	500,000	488,350
Appalachian Power Co	1.930	6/29/2007	1,695,000	1,699,475
Assured Guaranty Us Hldg	7.000	6/1/2034	580,000	683,391
Autozone Inc	4.375	6/1/2013	4,000,000	3,776,080
Bac Capital Trust Vi	5.625	3/8/2035	1,220,000	1,274,922
Bank Of America Corp	4.875	1/15/2013	5,000,000	5,129,015
Bank Of America Corp	4.375	12/1/2010	750,000	753,019
Bard C R Inc	6.700	12/1/2026	4,500,000	5,259,330
Bellsouth Telecommunication	6.375	6/1/2028	500,000	555,229
Boeing Co	7.950	8/15/2024	3,300,000	4,455,604
Burlington North Santa Fe	6.125	3/15/2009	3,000,000	3,185,010
Cit Group Inc	4.750	12/15/2010	6,000,000	6,069,348
Carolina Power & Light	5.125	9/15/2013	3,000,000	3,097,185
Centerpoint Energy Inc	7.250	9/1/2010	880,000	976,386
Chesapeake Energy Corp	7.500	9/15/2013	1,500,000	1,623,750
Citigroup Inc	5.000	9/15/2014	1,110,000	1,135,470
Coca-Cola Enterprises	6.950	11/15/2026	750,000	913,601
Comcast Cable Communication	8.875	5/1/2017	1,350,000	1,781,839
Conagra Inc	6.750	9/15/2011	4,000,000	4,426,592
Conocophillips	4.750	10/15/2012	6,000,000	6,139,992
Cox Communications	7.750	11/1/2010	4,000,000	4,529,040
Cox Communications Inc	7.125	10/1/2012	825,000	925,173
John Deere Capital Corp	3.900	1/15/2008	5,000,000	4,968,685
Delta Air Lines	1.870	1/25/2008	1,698,084	1,702,330
Deutsche Telekom Int Fin	8.750	6/15/2030	570,000	771,768
Dime Capital Trust 1	9.330	5/6/2027	1,085,000	1,204,751
Dow Chemical	6.000	10/1/2012	5,000,000	5,479,210

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
CORPORATE BONDS: (Continued)				
Duke Realty LP	3.350	1/15/2008	\$ 600,000	\$ 583,298
Encore Acquisition Co	8.375	6/15/2012	700,000	759,500
Exelon Corp	4.900	6/15/2015	445,000	446,586
FMC Corp	10.250	11/1/2009	1,000,000	1,126,250
Fedex Corp	7.250	2/15/2011	3,000,000	3,397,554
First Data Corporation	4.950	6/15/2015	4,000,000	4,054,320
Ford Motor Company	6.375	2/1/2029	525,000	404,787
Ford Motor Credit Co	5.625	10/1/2008	5,000,000	4,764,900
Ford Motor Credit Co	3.590	7/18/2005	2,000,000	1,999,194
Gatx Financial Corp	6.000	11/19/2008	1,165,000	1,215,584
Gatx Financial Corp	5.125	4/15/2010	1,020,000	1,036,544
General Dynamics Corp	4.500	8/15/2010	5,750,000	5,821,743
General Electric Capital Corp	6.000	6/15/2012	6,000,000	6,543,708
General Motors Acceptance Cor	6.125	9/15/2006	2,000,000	2,001,432
Goldman Sachs Group Inc	7.350	10/1/2009	1,000,000	1,113,587
Goldman Sachs	5.125	1/15/2015	1,080,000	1,100,034
Grant Prideco	9.000	12/15/2009	400,000	438,000
Halliburton Company	8.750	2/15/2021	615,000	843,128
Home Depot Inc	3.750	9/15/2009	1,205,000	1,191,596
Household Finance Corporation Nt	6.400	6/17/2008	750,000	794,349
Household Finance Corp	4.750	5/15/2009	5,000,000	5,071,825
IBM Corp	4.750	11/29/2012	5,000,000	5,109,790
International Paper Co	5.850	10/30/2012	500,000	522,718
International Steel Group	6.500	4/15/2014	270,000	259,200
JPM Capital Trust I	7.540	1/15/2027	1,225,000	1,319,729
JP Morgan Chase	4.750	3/1/2015	840,000	840,805
Chesapeake Energy Corp	6.875	9/15/2013	2,000,000	2,135,536
Kraft Foods Inc	6.250	6/1/2012	5,000,000	5,496,560
Kroger Co	6.200	6/15/2012	680,000	731,961
Lennar Corporation	3.348	8/20/2007	1,595,000	1,598,860
Marathon Oil Corp	6.125	3/15/2012	5,000,000	5,442,040
Marsh & McLennan Cos Inc	4.850	2/15/2013	5,000,000	4,882,255
Meritage Homes Corp	6.250	3/15/2015	350,000	325,500
Merrill Lynch & Co	3.125	7/15/2008	1,250,000	1,211,469
Morgan Stanley	3.875	1/15/2009	600,000	592,385
National City Bank	4.500	3/15/2010	1,000,000	1,009,404
New Jersey Bell Telephone	7.850	11/15/2029	1,000,000	1,236,806
Nextel Communications	7.375	8/1/2015	1,475,000	1,593,000

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
CORPORATE BONDS: (Continued)				
Odyssey Re Holdings	7.650	11/1/2013	\$ 785,000	\$ 847,431
PNC Funding Corp	5.750	8/1/2006	1,000,000	1,014,980
Petrobras	9.750	7/6/2011	250,000	296,250
Phillips Van-Heusen	7.750	11/15/2023	340,000	355,300
Progressive Corp	7.000	10/1/2013	2,200,000	2,550,592
Prudential Financial Inc	4.750	4/1/2014	585,000	587,966
Southwestern Public Service	5.125	11/1/2006	800,000	810,021
Sprint Capital Corporation	6.875	11/15/2028	750,000	860,912
Stingray Pass-Th	5.902	1/12/2015	800,000	813,640
Suntrust Banks Inc	4.250	10/15/2009	1,000,000	995,742
TXU Corp	6.375	6/15/2006	820,000	833,879
Target Corp	4.000	6/15/2013	5,000,000	4,855,470
Telecom Italia Capital	6.375	11/15/2033	450,000	482,536
Tesoro Corp	8.000	4/15/2008	1,000,000	1,055,000
Tyco Intl Group	6.125	1/15/2009	3,000,000	3,174,090
USA Networks Inc	6.750	11/15/2005	520,000	524,211
Ultrapetrol (Bahamas) Ltd	9.000	11/24/2014	740,000	654,900
Valero Energy Corp	6.875	4/15/2012	415,000	463,224
Valero Energy Corp	7.500	4/15/2032	4,000,000	4,937,276
Virginia Electric & Power Co	8.625	10/1/2024	3,500,000	3,644,655
Wachovia Bank Na	4.850	7/30/2007	3,000,000	3,055,380
Washington Mutual Inc	5.000	3/22/2012	1,000,000	1,019,543
Weyerhaeuser Company	7.500	3/1/2013	5,000,000	5,703,890
Weyerhaeuser Company	7.375	3/15/2032	500,000	589,588
Williams Companies Inc	7.125	9/1/2011	1,000,000	1,080,000
TOTAL CORPORATE BONDS			<u>197,568,084</u>	<u>209,976,307</u>
PRIVATE PLACEMENT / 144-A:				
Banco Nacional Com Ext	3.875	1/21/2009	1,000,000	970,000
CHC Helicopter Corp	7.370	5/1/2014	660,000	658,350
Cit Group Co Of Canada	5.200	6/1/2015	965,000	975,895
CNOOC Finance 2003 Ltd	5.500	5/21/2033	335,000	325,265
Cadbury Schwepps	5.125	10/1/2013	545,000	556,892
Chuo Mitsui Trust & Banking	5.506	4/15/2015	540,000	530,510
Codelco Inc	4.750	10/15/2014	775,000	766,136
Diamond Offshore Drill	4.875	7/1/2015	2,150,000	2,149,026
Fraser Papers Inc	8.750	3/15/2015	700,000	640,500
Liberty Mutual Group	6.500	3/15/2035	1,210,000	1,198,868
Pemex Proj Fdg Master	5.750	12/15/2015	980,000	975,590

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
PRIVATE PLACEMENT / 144-A: (Continued)				
Pinnacle West Energy Crp	3.630	4/1/2007	\$ 955,000	\$ 955,153
Rabobank Cap Fd Trst Iii	5.254	12/31/2049	400,000	410,296
Twin Reefs Pass-Through	3.420	12/10/2049	<u>1,300,000</u>	<u>1,291,615</u>
TOTAL PRIVATE PLACEMENT / 144-A			<u>12,515,000</u>	<u>12,404,095</u>
YANKEE BONDS:				
Royal Caribbean Cruises	7.500	10/15/2027	<u>620,000</u>	<u>678,900</u>
TOTAL YANKEE BONDS			<u>620,000</u>	<u>678,900</u>
COLLATERALIZED MORTGAGE OBLIGATIONS:				
Banc Of America Mortgage Securities	4.805	5/25/2035	840,000	843,288
Banc Of Amer Mortgage Sec	4.729	6/25/2035	1,050,000	1,051,215
Bear Stearns Commercial Mortgage Sec	6.080	2/15/2035	768,567	793,509
Countrywide Home Loans	4.664	6/20/2035	840,000	837,936
Countrywide Home Loans	3.600	3/25/2035	1,141,404	1,141,118
Chase Commercial Mortgage Sec	7.543	7/15/2032	1,974,245	2,088,756
Citibank Credit Card Issuance Trust	2.550	1/20/2009	7,950,000	7,782,883
Citigroup Mortgage Loan Trust Inc	6.500	10/25/2033	2,854,061	2,917,387
Citigroup Mortgage Loan Trust, Inc	6.500	4/25/2035	2,374,502	2,374,502
First Boston Mortgage Securities Corp	6.387	8/15/2036	825,000	909,926
FHLMC 2407	6.500	1/15/2032	978,227	1,022,291
FHR 2356-Gd	6.000	9/15/2016	945,000	990,812
FNMA G92-53J	7.000	9/25/2022	438,980	465,189
FNMA 2001-T10	7.000	12/25/2041	302,057	318,858
FNMA 2003-7	6.500	12/25/2042	868,742	912,372
FNMA 2003-W2	5.500	7/25/2042	712,178	714,880
FNMA 2003-W13	1.240	10/25/2033	434,337	435,129
FNMA 2003-34	6.000	4/25/2043	827,638	853,027
FHLMC T-54-3A	7.000	2/25/2043	12,801	13,533
FHLMC T-55	6.500	3/25/2043	864,152	904,477
FNMA 2003-W19	5.500	11/25/2033	2,235,000	2,272,906
FNMA 2004-26	4.500	9/25/2025	1,000,000	1,009,388
FNMA 2004-35	4.500	1/25/2020	5,904,201	5,916,942
FNMA 2004-33	4.500	1/25/2030	1,025,000	1,011,590
FHLMC 2773	4.500	8/15/2013	1,025,000	1,030,373
FHLMC 2859	5.500	4/15/2030	840,000	860,222

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
COLLATERALIZED MORTGAGE OBLIGATIONS: (Continued)				
FNMA 2873 Pc	5.500	4/15/2027	\$ 1,035,000	\$ 1,059,142
FHR 2958-Mc	5.500	11/15/2028	945,000	969,448
FHR 2962-X8	5.500	5/15/2029	1,050,000	1,078,488
GS Mortgage Securities Corporation Ii	2.904	1/10/2040	889,541	870,752
GSR Mortgage Loan Trust	4.490	12/25/2034	1,150,000	1,128,880
JP Morgan Chase Comm Mtg Sec Corp	5.376	6/12/2041	1,150,000	1,221,769
LB-UBS Commercial Mortgage Trust	7.180	9/15/2019	356,948	370,933
LB-UBS Commercial Mortgage Trust	4.394	3/15/2032	1,010,000	1,004,505
Long Beach Mortgage Loan Trust	2.203	11/25/2034	807,188	808,031
MMCA Auto Lease Trust	4.290	5/15/2008	886,777	883,899
Mastr Adjustable Mortgages Trust	3.787	11/21/2034	1,055,000	1,032,553
Master Adjustable Rate Mtge Trust	3.787	11/21/2034	1,040,000	1,010,375
Morgan Stanley Dean Witter Capital I	5.980	1/15/2039	3,180,000	3,462,295
Morgan Stanley Mortgage Loan Trust	5.147	11/1/2034	858,673	865,046
People's Choice Home Loan Sec Trust	3.470	10/25/2026	2,798,037	2,798,210
Residential Asset Mortgage Products, Inc	1.230	3/25/2023	1,174,542	1,174,575
Residential Accredit Loans Inc	6.250	3/25/2014	735,630	737,676
Residential Funding Mtd Sec I	4.977	6/25/2035	1,070,000	1,079,855
Salomon Brothers Mortgage Securities	5.160	12/25/2030	173,966	174,556
Structured Asset Investment Loan Trust	4.840	10/25/2033	992,000	994,029
Washington Mutual	3.580	4/25/2045	1,032,000	1,032,000
Washington Mutual	4.690	5/25/2035	1,050,000	1,050,585
Washington Mutual	3.963	7/25/2034	1,015,000	1,003,004
Washington Mutual	4.660	3/25/2035	949,570	950,106
Wells Fargo Mtg Backed Securities	4.571	2/25/2035	1,240,701	1,238,443
Wells Fargo Equity Trust	3.450	6/25/2019	1,050,000	1,037,533
Wells Fargo Mortgage Backed Securities	4.570	3/25/2035	1,620,669	1,617,787
Wells Fargo Mortgage Backed	3.542	9/25/2034	1,005,000	978,887
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS			70,352,333	71,105,869
FEDERAL HOME LOAN MORTGAGE CORPORATION:				
FHLMC Gold Go0432	8.000	1/1/2026	124,480	134,345
FHLMC Gold G01433	6.500	7/1/2032	3,117,636	3,232,302
FHLMC Gold C78238	5.500	4/1/2033	7,158,069	7,264,452
FHLMC Gold D88187	7.000	4/15/2028	493,766	520,824
FHLMC Gold D88413	7.000	4/15/2028	178,491	188,231
FHLMC Gold E73765	6.000	12/15/2013	631,313	652,784
FHLMC Gold W10004	6.900	12/1/2010	1,215,000	1,287,779

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
FEDERAL HOME LOAN MORTGAGE CORPORATION: (Continued)				
FHLMC A45496 Gold	5.500	6/1/2035	\$ 3,000,000	\$ 3,043,800
FHLMC G08003 Gold	6.000	7/1/2034	3,171,113	3,253,720
FGLMC G08006 Gold	6.000	8/1/2034	1,830,343	1,878,024
FHARM 1L0078	5.126	6/1/2035	1,375,000	1,452,413
FHLMC Gold C00844	7.000	8/15/2029	280,354	295,365
FHLMC Gold C00690	6.000	12/1/2028	1,024,146	1,053,253
FHLMC Gold C01798	6.000	3/1/2034	1,428,428	1,465,638
FHLMC Gold Co1410	6.000	10/1/2032	2,608,492	2,677,341
FHLMC Gold C01583	6.000	6/1/2033	2,452,858	2,516,804
FHLMC Gold C01646	6.000	9/1/2033	6,146,466	6,306,680
FHLMC Gold C01848	6.000	6/1/2034	4,440,561	4,556,246
FHLMC Gold C20133	7.000	1/15/2029	87,957	92,757
FHLMC A34083	6.000	2/1/2035	2,325,128	2,385,698
			<u>43,089,600</u>	<u>44,258,454</u>
FEDERAL NATIONAL MORTGAGE ASSOCIATION:				
FNMA 250200	9.000	1/1/2025	17,426	19,192
FNMA 250030	7.000	5/1/2024	214,868	227,668
FNMA 251901	6.500	8/1/2013	266,646	277,682
FNMA 254478	6.000	10/1/2032	1,333,551	1,368,064
FNMA 255311	6.000	7/1/2034	4,379,516	4,491,500
FNMA 297999	9.000	11/1/2024	118,441	130,438
FNMA 299371	9.000	12/1/2024	17,898	19,711
FNMA 303909	7.000	5/1/2026	428,870	454,530
FNMA 303890	7.000	5/1/2026	429,366	454,312
FNMA 303945	7.000	12/1/2010	324,739	337,333
FNMA 313595	7.185	5/1/2007	587,891	607,492
FNMA 380715	6.265	10/1/2008	1,143,831	1,199,912
FNMA 382207	7.130	1/1/2007	1,123,431	1,157,415
FNMA 383159	6.250	2/1/2011	2,500,000	2,710,503
FNMA 383632	6.305	5/1/2011	1,197,887	1,303,912
FNMA 384781	5.950	3/1/2012	1,266,240	1,368,806
FNMA 408933	6.500	7/1/2013	107,742	112,201
FNMA 433213	6.500	7/1/2013	84,134	87,617
FNMA 434075	6.500	7/1/2013	158,262	164,813
FNMA 449149	6.000	12/1/2028	559,283	574,831
FNMA 481539	6.000	1/1/2029	394,027	404,981
FNMA 535126	6.000	12/1/2028	898,361	923,332
FNMA 535838	6.500	4/1/2031	451,440	468,527

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
FEDERAL NATIONAL MORTGAGE ASSOCIATION: (Continued)				
FNMA 545259	7.500	12/1/2029	\$ 969,220	\$ 1,036,516
FNMA 545759	6.500	7/1/2032	732,649	759,494
FNMA 545819	6.500	7/1/2032	308,481	319,983
FNMA 552715	7.500	10/1/2030	181,120	193,534
FNMA 555783	4.500	10/1/2033	3,831,562	3,753,777
FNMA 555872	5.000	11/1/2018	2,304,805	2,332,440
FNMA 596449	6.500	6/1/2031	626,740	650,111
FNMA 602064	7.000	9/1/2031	530,816	559,900
FNMA 613152	6.500	11/1/2031	772,643	801,452
FNMA 628038	6.500	2/1/2032	877,222	909,364
FNMA 631381	6.500	3/1/2032	655,055	679,482
FNMA 631382	7.000	3/1/2032	635,057	669,890
FNMA 660229	6.000	9/1/2032	3,451,658	3,540,987
FNMA 688360	6.000	3/1/2033	2,177,824	2,234,186
FNMA 689634	6.000	2/1/2033	1,793,081	1,839,486
FNMA 704101	5.500	5/1/2033	3,030,649	3,074,896
FNMA 708633	6.000	6/1/2033	2,540,166	2,605,220
FNMA 725372	7.318	12/1/2010	1,328,528	1,497,892
FNMA 725424	5.500	4/1/2034	629,999	637,973
FNMA 725690	6.000	8/1/2034	1,807,572	1,853,796
FNMA 735060	6.000	11/1/2034	2,619,715	2,686,707
FNMA 735224	5.500	2/1/2035	1,000,099	1,012,913
FNMA 753097	6.500	12/1/2033	2,644,989	2,739,019
FNMA 790353	5.500	7/1/2034	2,872,830	2,913,826
FNMA 824722	4.903	5/1/2035	1,174,909	1,194,530
TOTAL FEDERAL NATIONAL MORTGAGE ASSOCIATION			57,501,244	59,362,140
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION				
GNMA 604946	5.500	1/15/2034	4,674,371	4,778,235
GNMA 574582	6.000	9/15/2034	3,532,222	3,645,854
GNMA 3610	5.500	9/20/2034	9,461,543	9,651,058
GNMA 371693	7.000	3/15/2024	395,377	420,460
GNMA 408175	7.000	12/15/2025	41,852	44,490
GNMA 408844	7.000	11/15/2025	56,975	60,567
GNMA 423825	8.000	6/15/2026	71,601	77,475
GNMA 426366	7.000	1/15/2026	63,621	67,562
GNMA 426408	7.000	2/15/2026	45,770	48,605

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION: (Continued)				
GNMA 429363	6.500	3/15/2026	\$ 497,382	\$ 521,172
GNMA 434789	8.500	6/15/2030	279,856	305,051
GNMA 446690	7.000	9/15/2028	451,181	478,365
GNMA 456641	7.000	8/15/2028	215,885	228,892
GNMA 456786	7.000	4/15/2028	546,012	578,909
GNMA 460758	7.000	2/15/2028	138,454	146,796
GNMA 462543	7.000	2/15/2028	175,123	185,675
GNMA 462554	7.000	2/15/2028	75,358	79,898
GNMA 465526	6.500	5/15/2028	296,862	310,773
GNMA 468232	7.000	9/15/2028	343,885	364,604
GNMA 486877	6.000	1/15/2029	2,661,451	2,750,530
GNMA 196068	8.000	4/15/2017	33,877	36,703
GNMA 201202	9.000	1/15/2017	2,544	2,779
GNMA 238006	8.000	2/15/2018	118,718	128,654
GNMA 231923	8.000	7/15/2017	7,627	8,263
GNMA 293329	9.500	8/15/2020	4,111	4,580
GNMA 288373	9.000	5/15/2020	7,076	7,773
GNMA 306559	8.500	1/15/2022	91,627	100,840
GNMA 319273	8.500	11/15/2021	220,148	242,002
GNMA 780601	7.000	7/15/2027	138,054	146,467
GNMA 781288	6.500	5/15/2031	670,353	701,049
GNMA 781542	6.000	1/15/2033	1,583,584	1,635,336
GNMA 80312	3.500	8/20/2029	411,726	416,350
GNMA 619090	5.500	9/15/2034	1,818,008	1,858,404
GNMA 625651	5.500	1/15/2034	847,208	866,033
GNMA 637386	5.500	1/15/2035	379,165	387,586
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			30,358,608	31,287,791
OTHER ASSET BACKED SECURITIES:				
Asset Securitization Corporation	7.400	10/13/2026	2,906,804	3,026,974
Asset Backed Funding Certificates	4.760	12/25/2033	685,000	687,033
Asset Backed Funding Certificates	4.250	6/25/2035	695,000	694,510
Bear Stearns Commercial Mortgage Securities	4.933	2/13/2042	470,000	483,154
Bear Stearns Commercial Mortgage Securities	5.468	6/11/2041	1,150,000	1,225,259
Bear Stearns Commercial Mortgage Sec	4.715	2/11/2041	5,580,000	5,652,138
Home Equity Asset Trust	6.430	6/25/2033	485,000	496,378
Home Equity Mortgage Trust	3.490	7/25/2035	2,170,373	2,170,331
GMAC Mortgage Securities	3.800	7/25/2034	925,000	917,693
GMAC Mortgage Corporation Loan Trust	5.301	8/10/2038	945,000	992,697

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2005

	Interest Rate	Due Date	Par Value	Fair Value
OTHER ASSET BACKED SECURITIES: (Continued)				
GMAC Mortgage Corporation Loan Trust	3.870	5/25/2025	\$ 1,335,000	\$ 1,318,909
Master Abs Nim Trust	5.191	9/26/2034	570,147	567,519
Merrill Lynch Mortgage Investors	3.510	6/25/2035	1,982,321	1,982,283
Metris Master Trust	3.790	9/21/2009	695,000	694,798
Metris Master Trust	2.820	9/21/2009	830,000	828,909
Morgan Stanley Capital I	5.270	6/13/2041	6,600,000	6,939,491
Morgan Stanley Capital I	4.850	6/13/2041	5,185,000	5,297,815
Option One Mortgage Loan Trust	4.440	8/25/2032	603,761	605,142
Saxon Asset Securities Trust	2.760	5/25/2035	895,285	895,683
Citibank/Sears Omni-S Master Trust	1.280	2/15/2010	5,600,000	5,599,709
Structured Asset Investment Loan Trust	6.060	2/25/2034	620,000	631,917
Structured Asset Securities Corporation	3.645	2/25/2035	760,406	757,567
Wachovia Bank Commercial Mortgage Trust	4.847	10/15/2041	1,045,000	1,065,740
TOTAL OTHER ASSET BACKED SECURITIES			<u>42,734,097</u>	<u>43,531,650</u>
PRIVATE MORTGAGE BACKED SECURITIES:				
Fremont Nim Trust	5.500	4/25/2035	1,240,229	1,235,566
Gsamp Trust	3.650	12/25/2034	976,456	979,777
Greenwich Cap Commercial Funding Corp	2.310	7/5/2035	1,038,248	1,004,152
Lb-Ubs Commercial Mortgage Trust	4.568	1/15/2031	1,155,000	1,156,982
Long Beach Asset Holdings Corporation	4.150	4/25/2035	947,981	933,221
Metris Master Trust	5.160	11/20/2009	300,000	301,278
Wachovia Bank Commercial Mortgage Trust	6.220	3/15/2015	1,500,000	1,502,418
TOTAL PRIVATE MORTGAGE BACKED SECURITIES			<u>7,157,915</u>	<u>7,113,395</u>
MORTGAGE-BACKED TBA SECURITIES:				
FNMA TBA-INT 5% 01F050676	5.000	7/25/2035	24,150,000	24,150,000
FNMA TBA-INT 5.5% 31402C4G4	5.500	5/1/2034	1,000,099	1,012,913
FNMA TBA-INT 5.5% 31402DJS0	5.500	9/1/2034	180,017	182,324
TOTAL MORTGAGE-BACKED TBA SECURITIES:			<u>25,330,117</u>	<u>25,345,237</u>
MORTGAGE TBA'S WITH INTEREST ACCRUAL				
FNMA TBA-INT 5% 01F050478	5.000	7/1/2020	830,000	835,447
TOTAL MORTGAGE TBA'S WITH INTEREST ACCRUAL			<u>830,000</u>	<u>835,447</u>
TOTAL BONDS			<u>\$ 488,056,998</u>	<u>\$ 505,899,285</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
ABC Bancorp	5,704	\$	75,897	\$	103,128
Ace Ltd.	7,314		272,189		328,033
ADC Telecommunications Inc	2,905		230,722		63,242
Aflac Inc.	12,921		353,500		559,221
Agco Corp.	40,000		788,642		764,800
AGL Resources Inc.	22,600		598,607		873,490
AES Corporation	16,039		374,037		262,719
AT&T Corp.	42,842		1,177,108		815,712
Atmi Inc.	30,489		735,240		884,486
Abbott Labs	41,192		1,520,123		2,018,820
Ace Cash Express Inc.	2,500		23,095		63,900
Actel Corp.	42,543		907,368		591,348
Adobe Systems Inc.	11,962		112,580		342,352
Aeropostale Inc.	17,500		534,849		588,000
Advanced Micro Devices Inc.	10,971		185,052		190,237
Advanta Corp.	4,700		102,119		120,884
Aetna Inc.	32,204		2,052,659		2,667,135
Affiliated Computer Svcs.	3,500		185,137		178,850
Affiliated Managers Group	10,689		425,304		730,379
Aftermarket Technology Corp.	12,100		166,055		210,903
Agilent Technologies Inc.	12,154		340,129		279,785
Agile Software Corp.	51,862		356,886		326,731
Air Products & Chemical	5,764		238,906		347,569
Albany Molecular Research	1,000		14,867		14,000
Alberto-Culver Co.	71,832		3,315,664		3,112,481
Albertson'S Inc.	9,403		296,716		194,454
Alcoa Inc.	22,339		569,913		583,718
Alexion Pharmaceuticals Inc.	22,830		353,092		526,003
Alfa Corporation	18,176		238,645		267,551
All American Semiconductor	2,800		15,818		12,180
Allegheny Energy Inc.	3,188		114,337		80,401
Allegry Technologies Inc.	2,053		69,236		45,289
Allergan Inc.	3,303		129,802		281,548
Allied Waste Industries, Inc.	8,102		118,514		64,249
Allmerica Financial Corp.	6,400		183,765		237,376
Allstate Corp.	18,354		617,836		1,096,652
Alltel Corp.	8,496		407,556		529,131
Alpha Natural Resources Inc.	26,200		574,318		625,656
Altera Corporation	71,712		1,559,674		1,421,332

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Altria Group Inc.	86,358	\$	3,526,443	\$	5,583,908
Ambac Inc.	27,295		2,047,934		1,904,099
Amcol International Corp.	25,336		371,995		476,063
Amerada Hess Corporation	2,381		143,965		253,600
Ameren Corp.	4,289		174,398		237,182
America Service Group Inc.	4,400		82,079		69,740
American Axle & Mfg Holdings	24,100		626,827		609,007
American Electric Power	10,018		361,005		369,364
American Equity Investment Life Holding	20,500		227,876		243,540
American Express Co.	75,796		2,899,707		4,034,621
American Financial Group Inc.	15,800		364,067		529,616
American Greetings Corporation	33,300		643,964		882,450
American International Group	108,359		5,858,733		6,295,658
Amer Natl Bnkshs/Danville Va	2,845		64,189		67,085
American Power Conversion	4,986		129,429		117,620
American Shared Hsptl Serv.	2,100		10,349		12,852
American Standard Companies	5,366		134,527		224,943
Ameron International Corp.	5,800		165,381		216,920
Amerus Group Co.	24,200		743,045		1,162,810
Amerisourcebergen Corp.	2,800		179,669		193,620
Ametek Inc.	18,507		333,747		774,518
Amgen, Inc.	76,046		3,813,769		4,597,741
Amsouth Bancorporation	8,905		202,343		231,530
Anadarko Petroleum Corporation	6,327		306,545		519,763
Analog Devices	9,266		281,684		345,714
Anchor Bancorp Wisconsin Inc.	13,400		323,488		405,484
Andersons Inc.	3,300		35,237		118,173
Andrew Corp.	4,677		82,418		59,679
Anheuser Busch Co Inc.	59,862		2,630,251		2,738,687
Anntaylor Stores Corp.	24,367		571,821		591,631
Aon Corp.	7,918		246,277		198,267
Apache Corporation	39,598		1,759,292		2,558,031
Apartment Investment And Mana	2,380		86,814		97,390
Apollo Group Inc.	4,348		195,980		340,101
Apollo Investment Corp.	48,806		753,581		899,495
Apple Computer, Inc.	21,446		204,654		789,427
Apria Healthcare Group Inc.	57,400		1,764,902		1,988,336
Applera Corp. - Applied Biosy	5,300		120,492		104,251

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Applied Materials Inc.	111,238	\$ 1,776,227	\$ 1,799,831
Applied Micro Circuits Corp.	7,713	352,829	19,745
Applix Inc.	3,800	17,688	17,974
Archer - Daniels - Midland Co.	16,245	261,767	347,318
Archstone-Smith Trust	5,300	206,689	204,686
Argonaut Group Inc.	11,456	242,389	264,519
Arrow Electronics, Inc.	22,900	621,532	621,964
Arrow International Inc.	11,745	357,417	374,666
Arthrocare Corp.	16,900	554,598	590,486
Arvinmeritor Inc.	48,100	825,555	855,699
Asbury Automotive Group	18,100	199,481	278,921
Ashland Inc.	1,731	60,860	102,567
Atmos Energy Corp.	15,500	395,614	446,400
Atwood Oceanics Inc.	6,500	365,798	400,140
Audible Inc.	27,760	566,118	482,191
Autodesk Inc	6,072	62,944	208,695
Automatic Data Processing Inc.	42,368	1,716,117	1,778,185
Autonation Inc.	7,136	96,633	146,431
Autozone Inc.	2,070	88,007	191,392
Avaya Inc.	11,647	131,213	96,903
Avery Dennison Corp.	2,802	136,899	148,394
Avid Technology Inc.	11,366	599,342	605,580
Avnet, Inc.	4,700	79,431	105,891
Avon Prods Inc Com.	12,112	254,580	458,439
Axcelis Technologies Inc.	44,100	333,508	302,526
BB&T Corporation	30,646	1,140,928	1,224,921
BJ Services Co.	4,709	182,792	247,128
BJ'S Wholesale Club Inc.	17,500	300,487	568,575
BMC Software	5,917	259,546	106,210
Baker Hughes Inc.	8,639	256,076	441,971
Ball Corporation	34,792	912,443	1,251,120
Bancfirst Corp.	2,900	163,141	252,271
Bancorpsouth Inc.	18,800	403,522	443,680
Bandag Inc.	5,300	223,153	244,065
Bandag Inc.	4,500	146,205	182,250
Bank Of America Corp	266,112	9,110,790	12,137,368
Bank Of New York Inc.	19,557	572,789	562,850
Bard C R Inc.	2,640	58,203	175,586

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Bill Barrett Corp.	2,200	\$	60,991	\$	65,076
Bausch & Lomb Inc.	1,350		55,673		112,050
Baxter International	15,455		517,043		573,381
Bear Stearns Cos. Inc.	2,890		172,884		300,387
Beazer Homes Usa Inc.	17,200		734,773		982,980
Becton Dickinson & Co	6,460		189,953		338,956
Bed Bath & Beyond Inc.	26,589		1,012,064		1,110,888
Bellsouth Corporation	46,743		1,195,303		1,241,962
Bemis Co.Inc.	2,694		58,706		71,499
Benihana Inc.	2,500		31,360		35,750
Wr Berkley Corp.	23,000		757,091		820,640
Best Buy Company Inc.	8,173		299,465		560,259
Big Lots Inc.	2,961		89,638		39,204
Bioenvision Inc.	35,200		253,284		256,256
Biomet Inc.	7,044		131,987		244,004
Biogen Idec Inc.	8,929		450,750		307,604
Bioscrip Inc.	3,228		19,318		19,368
Black & Decker Corporation	1,968		76,588		176,825
H & R Block	4,543		111,785		265,084
Blockbuster Inc.	14,100		103,097		128,592
Bluegreen Corp.	11,500		40,470		200,215
Blyth Inc.	9,600		287,616		269,280
Bob Evans Farms Inc.	10,600		260,489		247,192
Boeing Co.	49,125		2,298,407		3,242,250
Bon-Ton Stores	5,700		16,936		110,295
Books-A-Million Inc.	3,700		22,385		37,185
Borders Group, Inc.	43,600		828,251		1,103,516
Boston Scientific Corp.	20,506		323,900		553,662
Briggs & Stratton Corporation	20,300		738,112		702,786
Bristol - Myers Squibb Co.	49,563		1,314,659		1,238,084
Broadcom Corp.	51,922		2,268,157		1,843,750
Brown-Forman Corp - Cl B	2,756		81,665		166,628
Brown Shoe Inc.	13,100		262,520		512,865
Brunswick Corporation	16,390		610,813		710,015
Buckle Inc.	2,600		45,630		115,284
Bucyrus International Inc.	14,133		387,663		536,771
Buffalo Wild Wings Inc.	18,881		682,603		589,087
Building Material Holding Corp.	8,200		93,674		568,178

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Burlington Coat Factory Wrhs.	21,600	\$	303,225	\$	921,024
Burlington Northern Santa Fe	10,452		331,689		492,080
Burlington Resources, Inc.	10,186		203,120		562,675
Cigna Corp.	3,356		190,588		359,193
Cit Group Inc.	5,400		216,432		232,038
Cms Energy Corp.	3,655		106,001		55,044
CSS Industries, Inc.	7,300		218,724		247,032
CSK Auto Corp.	6,700		104,454		111,756
CNA Surety Corp.	20,900		283,869		310,365
CSX Corporation	5,421		221,097		231,260
CT Communications Inc.	5,300		58,063		69,165
CVS Corp.	75,586		1,846,961		2,197,285
Caci International Inc.	14,846		866,063		937,673
Cadmus Communications Corp.	4,900		67,703		88,200
Calamp Corp.	13,400		78,519		95,676
California First National Bancorp	5,070		51,194		56,835
Calpine Corporation	16,768		276,852		57,011
Camden National Corp.	5,200		139,513		170,300
Campbell Soup	9,612		352,513		295,761
Capital Corp Of The West	2,181		14,801		60,523
Capital One Financial Corp.	52,343		3,376,015		4,187,963
Capitalsource Inc.	26,079		535,612		511,931
Capital Title Group Inc.	1,300		5,408		8,840
Cardinal Health Inc.	11,003		597,224		633,553
Caremark Rx Inc.	115,900		3,642,894		5,159,868
Carlisle Cos Inc.	7,900		550,097		542,177
Carnival Corp	27,043		1,214,345		1,475,196
Carriage Services Inc.	11,500		57,645		69,575
Cash America Intl Inc.	9,800		165,699		197,176
Catalyst Semiconductor Inc.	3,300		16,738		14,487
Catapult Communications Corp.	7,100		104,599		121,126
Caterpillar Inc.	24,737		1,815,187		2,357,683
Cendant Corporation	26,333		453,524		589,069
Centerpoint Energy Inc.	7,748		151,388		102,351
Centex Corporation	37,858		1,298,693		2,675,425
Central Vermont Pub Serv.	6,600		131,975		122,100
Centurytel Inc.	3,630		141,878		125,707
Ceradyne Inc.	34,942		950,444		841,054

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Ceres Group Inc.	16,100	\$	50,594	\$	97,888
Champps Entertainment Inc.	7,500		61,176		56,250
Charming Shoppes Inc.	30,685		228,036		286,291
Checkfree Corp.	22,300		832,910		759,538
Chemed Corp.	9,338		274,777		381,737
Chemical Financial Corp.	12,382		386,428		409,968
Cherokee International Corp.	10,200		69,335		38,148
Chesapeake Utilities Corp.	3,300		77,088		100,815
Chevrontexaco Corp.	148,294		6,076,103		8,292,600
Chicago Bridge & Iron - Ny Shr	30,768		375,539		703,356
Chiquita Brands Intl.	26,000		490,619		713,960
Chiron Corp.	4,528		197,297		157,982
Chromcraft Revington Inc.	3,900		58,418		53,235
Chubb Corp.	4,795		314,131		410,500
Ciena Corp.	11,949		137,481		24,973
Cimarex Energy Co.	12,300		329,246		478,593
Cincinnati Financial Corp.	45,904		1,817,259		1,815,962
Cinergy Corp.	4,466		151,140		200,166
Circuit City Stores - Circuit	56,055		844,047		969,191
Cisco Systems, Inc.	283,921		5,152,020		5,425,730
Citadel Broadcasting Corp.	8,300		97,713		95,035
Cintas Corp.	4,124		160,869		159,186
Citigroup Inc.	281,367		10,946,476		13,007,596
Citizens Communications Co.	7,189		96,785		96,620
Citrix Systems Inc.	4,193		155,652		90,820
Claire'S Stores Inc.	5,600		112,840		134,680
Clarcor Inc.	16,710		321,823		488,768
Clark Inc.	9,800		132,139		140,434
Clear Channel Communications	14,577		812,758		450,867
Clorox Company	18,597		995,891		1,036,225
Coach Inc.	9,600		202,320		322,272
Coca-Cola Company Com	102,878		5,508,561		4,295,157
Coca-Cola Enterprises	10,567		293,697		232,580
Cogent Inc.	13,100		339,138		374,005
Kenneth Cole Productions	3,500		94,805		108,920
Colgate-Palmolive	40,547		1,954,384		2,023,701
Columbia Banking System Inc.	6,546		71,895		161,163
Comcast Corp.	57,640		1,826,378		1,769,548

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Comerica, Inc.	4,443	\$ 205,042	\$ 256,805
Commerce Bancorp Inc. Nj	50,700	1,440,919	1,536,717
Commerce Group Inc.	16,500	423,418	1,024,815
Commercial Federal Corp.	17,500	464,695	589,400
Community Bank System Inc.	11,400	214,602	278,046
Community Health Systems	13,495	342,154	509,976
Community Trust Bancorp Inc.	5,723	99,288	187,257
Compass Bancshares Inc.	2,500	118,272	112,500
Computer Associates Int'l.	14,906	411,858	409,617
Computer Sciences Corp.	23,649	886,858	1,033,461
Compuware Corp.	9,589	238,981	68,945
Comverse Technology Inc.	4,773	220,680	112,881
Conagra Inc.	13,621	313,518	315,462
Conmed Corp.	1,100	23,639	33,847
Conn'S Inc.	6,700	120,192	163,949
Conocophillips	86,550	2,457,715	4,975,760
Consolidated Edison Inc.	5,763	190,784	269,939
Constellation Energy Group	4,294	128,834	247,721
Convergys Corp.	54,653	801,421	777,166
Cooper Tire & Rubber	14,866	306,175	276,062
Corillian Corp.	27,700	86,600	85,870
Corinthian Colleges Inc.	14,200	188,049	181,334
Corning, Inc.	36,807	674,471	611,732
Corporate Executive Board Co.	13,155	426,292	1,030,431
Correctional Services Corp.	6,000	15,810	17,100
Corrections Corp. Of America	17,808	532,120	698,964
Corus Bankshares Inc.	12,200	226,506	676,978
Costco Wholesale Corp.	11,969	280,111	536,451
Countrywide Credit Inds., Inc.	53,150	1,424,434	2,052,122
Covance, Inc.	10,700	398,083	480,109
Covenant Transport Inc.	3,800	45,627	50,160
Craftmade International Inc.	2,956	59,511	47,887
Cubist Pharmaceuticals Inc.	32,100	343,686	422,757
Culp Inc.	7,000	38,784	30,800
Cummins Inc.	1,153	59,646	86,025
Cumulus Media Inc.	18,953	364,995	223,266
Cyberoptics Corp.	6,312	83,430	82,056
Cymer Inc.	13,995	400,266	368,768

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Cytec Corporation	34,400	\$	759,170	\$	758,864
Cycle Country Accessories Co.	3,600		19,593		13,536
D. R. Horton, Inc.	84,866		1,688,503		3,191,810
DSP Group Inc.	31,713		600,679		756,989
DTE Energy Company	4,260		155,560		199,240
DSW Inc.	3,400		64,600		84,830
Dana Corporation	36,470		505,395		547,415
Danaher Corp.	7,752		199,053		405,740
Darden Restaurants Inc.	4,269		48,215		140,792
Dataram Corp.	1,900		7,843		11,113
Davita Inc.	20,800		921,510		945,984
Deere & Co Com	6,072		310,894		397,655
Del Monte Foods Co.	4,100		43,616		44,157
Dell Inc.	63,741		710,900		2,518,407
Delphi Corp.	14,211		168,013		66,081
Delphi Financial Group	13,800		499,133		609,270
Delta Air Lines Inc.	3,629		66,517		13,645
Denbury Resources Inc.	19,336		452,448		768,993
Deluxe Corp.	21,600		860,882		876,960
Department 56	8,600		197,598		88,150
Devon Energy Corporation	12,308		312,088		623,769
Diamondcluster Intl. Inc.	79,865		818,965		902,475
Dick'S Sporting Goods Inc.	13,400		478,396		517,106
Dillard's Inc.	2,150		57,789		50,353
Direct General Corp.	13,700		375,768		254,957
Disney Co.	52,923		1,284,749		1,332,601
Ditech Communications Corp.	15,500		135,771		100,595
Dollar General Corporation	8,460		165,242		172,246
Dominion Homes Inc.	1,800		12,327		29,052
Dominion Resources Inc/Va	9,283		474,976		681,279
Donegal Group Inc.	1,600		14,959		31,936
Donegal Group Inc. - CI B	800		7,123		13,960
Donnelley R R & Sons Company	5,474		175,939		188,908
Dot Hill Systems Corp.	12,400		58,823		64,976
Dover Corp.	5,137		163,446		186,884
Dover Downs Gaming & Entertainment	2,200		17,931		29,172
Dow Chemical	60,422		2,360,881		2,690,592
Dow Jones & Co., Inc.	2,064		91,271		73,169

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Downey Financial Corp.	14,100	\$ 527,855	\$ 1,032,120
Dupont (Ei) De Nemours & Co.	79,762	4,006,126	3,430,564
Ducommun Inc.	6,400	110,730	108,224
Duke Energy Corp Com Stk	25,556	685,978	759,780
Dura Automotive Systems Inc.	13,423	296,817	57,450
Duquesne Light Holdings Inc.	36,600	499,725	683,688
Duratek Inc.	32,200	376,493	746,396
Dynamics Research Corp.	4,000	62,098	57,600
Dynegy Inc.	9,452	345,685	45,937
Emc Corp/Mass	61,070	894,349	837,270
Eog Resources Inc.	31,012	719,495	1,761,482
E*Trade Group Inc.	9,300	124,628	130,107
Earthlink Inc.	51,500	481,282	445,990
East West Bancorp Inc.	14,142	249,295	475,030
Eastman Chemical Company	11,863	684,206	654,244
Eastman Kodak Co Com	7,266	435,392	195,092
Eaton Corporation	16,184	1,002,313	969,422
Ebay Inc.	31,798	535,832	1,049,652
Ecolab Inc.	6,665	100,414	215,679
Ecology And Environ	1,100	12,024	7,370
Edison International	70,364	2,391,612	2,853,260
Education Management Corp.	16,568	391,480	558,839
El Paso Corporation	18,096	524,208	208,466
Electro Scientific Inds. Inc.	10,600	199,818	189,528
Electronic Arts Inc.	32,486	1,504,209	1,839,032
Electronic Data Systems Corp.	34,733	948,113	668,610
Elkcorp	5,600	156,917	159,880
Emerson Elec Co	10,677	592,243	668,701
En Pointe Technologies Inc.	3,100	8,745	10,230
Encore Acquisition Co.	7,900	185,818	323,900
Encore Wire Corp.	12,700	163,241	147,193
Engelhard Corporation	3,194	70,240	91,189
Energysouth Inc.	3,342	80,898	92,607
Ennis Business Forms	600	9,629	10,872
Entergy Corp.	6,227	224,284	470,450
Eon Labs Inc.	14,800	360,067	453,472
Eplus Inc.	5,600	52,288	64,400
Epicor Software Corp.	63,801	788,420	842,173

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Equifax, Inc.	3,576	\$ 77,530	\$ 127,699
Equity Office Properties Trus	11,814	348,329	391,043
Equity Residential	6,913	195,055	254,537
Essex Corp.	31,664	539,434	724,472
Ethan Allen Interiors Inc.	17,400	585,188	583,074
Exelon Corporation	18,048	476,297	926,404
Exponent Inc.	3,400	29,249	97,172
Express Scripts Inc.	4,000	119,350	199,920
Expressjet Holdings Inc.	39,200	515,825	333,592
Exxon Mobil Corporation	329,915	10,774,521	18,960,215
Fbl Financial Group Inc.	19,900	454,288	549,439
Fnb Corp/North Carolina	1,874	37,598	37,293
Fnb Financial Services Corp.	3,500	41,674	63,140
Fpl Group Inc.	10,298	281,049	433,134
Fnb Corporation/Va	4,012	106,082	112,336
Family Dollar Stores, Inc.	4,363	123,577	113,874
Featherlite Inc.	7,800	27,664	30,420
Federal Home Loan Mortgage Corporation	17,634	839,729	1,150,266
Federal National Mortgage Association	25,452	1,471,990	1,486,397
Federated Department Stores	4,351	155,720	318,841
Federated Investors Inc.	2,766	76,126	83,008
Fedex Corporation	8,167	334,583	661,609
Fifth Third Bancorp.	13,516	648,156	556,994
Filenet Corp.	33,417	639,878	840,103
Finlay Enterprises Inc.	6,500	88,082	81,185
First American Corporation	26,800	887,029	1,075,752
First Commonwealth Finl Corp.	1,700	22,038	23,290
First Community Bancshares	2,672	82,803	86,840
First Data Corp.	21,174	708,431	849,924
First Financial Corp Indiana	403	12,183	11,578
First Financial Service Corp.	1,771	45,050	48,756
First Financial Holdings Inc.	6,400	184,642	191,424
First Horizon National Corp	3,203	124,525	135,167
First M & F Corp.	1,800	59,878	61,200
First Mutual Bancshares Inc.	1,197	10,769	31,002
First Place Financial/Ohio	2,200	41,987	44,198
First United Corp.	3,300	71,071	66,099
Firstbank Corp./Alma Mich	2,212	54,952	59,724

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Fiserv Inc.	4,900	\$	152,625	\$	210,455
Firstfed Financial Corp.	8,000		199,517		476,880
Flagstar Bancorp Inc.	23,400		77,822		442,962
First Energy Corp	8,249		252,427		396,859
Fisher Scientific Int'l.	2,900		172,803		188,210
Flexsteel Inds.	3,698		71,794		52,031
Fluor Corp (New)	2,068		80,530		119,096
Flushing Financial Corp.	9,000		109,222		165,600
Ford Motor Company	243,624		3,295,206		2,494,710
Forest Laboratories Inc.	9,307		340,619		361,577
Fortune Brands Inc.	3,686		140,906		327,317
Franklin Resources Inc.	5,429		238,227		417,924
Freeport-Mcmoran Copper-B	4,840		122,556		181,210
Freescale Semiconductor - B	10,843		185,019		229,655
Fremont General Corp.	35,500		168,311		863,715
Fresh Brands Inc.	2,900		37,587		19,575
Frisch'S Restaurants Inc.	2,100		28,747		52,500
Frontier Financial Corp.	1,650		36,475		41,679
Furniture Brands Intl. Inc.	35,700		782,726		771,477
Gallagher (Arthur J.) & Co.	27,900		742,528		756,927
Gannett Co Inc.	6,713		403,718		477,496
Gap Inc.	20,589		310,681		406,633
Gateway Inc.	8,220		168,045		27,126
Genentech Inc.	10,300		488,547		826,884
General Dynamics Corporation	5,006		303,552		548,357
General Electric Co.	620,429		18,543,432		21,497,865
General Mills Inc.	9,374		379,503		438,609
General Motors Corp.	15,020		661,273		510,680
Genesco Inc.	14,000		280,106		519,260
Genuine Parts Company	4,409		142,201		181,166
Genzyme Corporation	6,173		319,147		370,936
Georgia-Pacific Corp.	6,448		269,169		205,046
German American Bancorp	1,900		24,975		26,182
Gibraltar Industries Inc.	14,550		254,184		269,757
Gilead Sciences Inc.	10,902		364,024		479,579
Gillette Co.	25,301		1,035,365		1,280,990
Global Imaging Systems Inc.	6,100		36,841		194,346
Golden West Financial Corp.	7,542		153,876		485,554

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Goldman Sachs Group Inc.	25,376	\$	2,258,602	\$	2,588,860
Goodrich (B.F.)Co.	2,981		95,528		122,102
Goodyear Tire & Rubber Co.	5,646		190,143		84,125
Google Inc.	9,000		1,793,492		2,647,350
W. W. Grainger, Inc.	21,624		1,210,714		1,184,779
Gray Television Inc.	6,200		66,304		74,772
Great Amern Finl Res Inc.	16,200		261,915		320,922
Great Lakes Chemical Corporation	1,274		46,043		40,093
Greater Bay Bancorp	4,900		101,024		129,213
Green Mountain Power Corp.	400		9,296		11,936
Greene County Bancshares Inc.	183		3,905		5,000
Group 1 Automotive Inc.	16,600		533,835		399,064
Guidant Corporation	8,445		276,596		568,349
Gymboree Corp.	3,500		43,819		47,810
Hca - The Healthcare Company	10,676		429,079		605,009
Halliburton Co.	12,788		444,747		611,522
Handleman Co.	14,200		170,207		234,442
Hanger Orthopedic Group	11,500		69,992		57,960
Harland (John H.) Co.	17,800		450,139		676,400
Harley Davidson Inc.	7,469		293,651		370,462
Harrah'S Entertainment Inc.	4,682		219,482		337,432
Harrington West Financial Group, Inc.	2,280		31,863		35,112
Harris Interactive Inc.	90,172		627,242		439,138
Harsco Corp.	20,600		1,157,790		1,123,730
Hartford Financial Svcs Grp.	7,197		354,328		538,192
Hasbro Inc.	4,393		73,237		91,330
Hastings Entertainment Inc.	7,280		47,839		43,170
Haverty Furniture	2,000		35,110		29,560
Hawkins Inc.	3,100		31,814		37,665
Health Mgmt Associates Inc.	6,054		119,627		158,494
Hector Communications Corp.	1,200		15,024		27,444
H J Heinz Co.	56,413		2,107,612		1,998,148
Henry (Jack) & Associates	46,510		852,928		851,598
Hercules Inc.	43,588		558,041		616,770
Hershey Foods	5,654		174,766		351,113
Hewlett - Packard	165,222		3,176,910		3,884,369
Hi-Shear Technology Corp.	1,200		3,673		4,680
Hilb, Rogal & Hamilton Co.	6,800		232,879		233,920

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Hilton Hotels Corporation	39,657	\$	745,529	\$	945,819
Hines Horticulture Inc.	13,000		50,943		48,750
Home Depot Inc.	137,376		4,432,769		5,343,926
Honeywell Int'l.	59,360		2,076,059		2,174,357
Hospira Inc.	3,969		98,767		154,791
Houston Exploration Co.	16,300		524,571		864,715
Hudson United Bancorp	25,400		938,898		916,940
Hughes Supply Inc.	15,061		374,349		423,214
Humana Inc.	4,297		83,839		170,763
Huntington Bancshares	5,799		123,956		139,988
Huron Consulting Group, Inc.	17,500		325,472		412,125
Hyperion Solutions Corp.	10,246		392,177		412,299
I-Flow Corp.	28,309		460,010		471,062
Ims Health Inc.	6,165		116,795		152,707
Isla Capital Corporation	2,600		39,215		140,140
Ixia	21,652		332,895		420,915
Iberiabank Corp.	2,500		41,144		154,025
Itt Industries Inc.	2,330		98,490		227,478
Idacorp Inc.	10,500		288,561		321,615
Ikon Office Solutions Inc.	68,500		529,851		651,435
Illinois Tool Works Inc.	7,401		427,203		589,712
Indymac Bancorp Inc.	85,600		2,534,692		3,486,488
Infinity Property And Casualty	13,600		422,078		474,368
Informatica Corp.	85,747		608,639		719,417
Innodata Isogen Inc.	12,200		38,312		35,868
Integrated Circuit Systems	15,774		326,927		325,575
Intel Corporation	162,593		2,913,307		4,237,174
Inter-Tel Inc.	4,700		82,136		87,467
International Bancshares Crp.	5,310		128,955		150,220
International Business Machines	42,443		2,824,680		3,149,271
Intl Flavors & Fragrances	2,380		98,989		86,204
International Game Technology Com	9,665		159,835		272,070
International Paper	35,948		1,516,810		1,085,989
Interpublic Group	9,983		230,286		121,593
Intersections Inc.	8,200		77,952		95,858
Intuit Inc.	4,805		217,338		216,754
Inverness Medical Innovation	9,840		218,529		268,632
Iomed Inc.	2,600		6,019		5,798

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Ipayment Inc.	15,283	\$	481,621	\$	558,135
Irwin Financial Corp.	20,500		411,922		454,895
Ivillage Inc.	81,600		488,525		487,968
Jds Uniphase Corp.	40,675		2,145,285		61,826
Jp Morgan Chase & Co.	265,765		9,255,558		9,386,820
Jabil Circuit Inc.	5,038		144,722		154,818
Jack In The Box Inc.	21,300		540,148		807,696
Jakks Pacific Inc.	13,000		240,236		249,730
Janus Capital Group Inc.	6,069		144,320		91,278
Jefferson Pilot Corp.	3,604		130,028		181,714
Johnson & Johnson	147,500		6,513,558		9,587,500
Johnson Controls	4,524		128,529		254,837
Jones Apparel Group (Jones Of Ny)	3,244		108,050		100,694
Journal Communications Inc.	4,300		69,575		72,240
Journal Register Co.	20,300		363,281		355,453
Juniper Networks Inc.	75,700		2,001,186		1,906,126
Kla-Tencor Corp.	5,027		199,774		219,680
K-Swiss Inc.	4,600		87,460		148,764
Kaydon Corp.	21,974		679,550		611,976
Kb Home	2,412		34,176		183,867
Kellogg Company	9,111		354,034		404,893
Kellwood Co.	15,600		533,032		419,640
Kennametal, Inc.	14,393		682,544		659,919
Kerr-Mcgee Corporation	3,025		179,199		230,838
Keycorp	10,724		275,434		355,501
Keyspan Corporation	3,990		139,483		162,393
Kimberly Clark Corporation	12,503		686,651		782,563
Kinder Morgan Inc.	3,096		147,598		257,587
Kinetic Concepts Inc.	22,600		1,162,602		1,356,000
King Pharmaceuticals Inc.	78,206		873,072		814,907
Knight-Rider Inc.	2,072		123,125		127,096
Kohls Corp.	32,994		1,591,019		1,844,695
Kroger Co.	18,837		386,230		358,468
Kulicke & Soffa Industries	10,000		71,900		79,100
Lsi Logic Corp.	9,617		137,647		81,648
L-3 Communications Holdgs Inc	2,700		200,907		206,766
La Quinta Corp. Paired	87,395		787,198		815,395
La-Z-Boy Inc.	33,100		584,764		482,267

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Labone Inc.	16,829	\$	522,995	\$	669,962
Laboratory Crp Of America Hlgs	3,600		164,787		179,640
Laclede Group Inc. /The	1,400		38,857		44,464
Lakeland Financial Corp.	1,800		59,419		73,224
Landamerica Financial Group	10,600		357,041		629,322
Landry'S Seafood Restaurants	1,200		33,476		36,108
Landstar System Inc.	27,196		731,456		819,144
Lazare Kaplan International	400		4,020		4,080
Lecroy Corp.	3,300		45,980		45,375
Leggett & Platt, Inc.	50,192		1,331,149		1,334,103
Lehman Brothers Holding Inc.	11,270		731,790		1,118,886
Lennar Corporation	36,500		2,069,441		2,315,925
Lennox International Inc.	6,000		121,747		127,020
Lexmark Intl Group	3,234		197,964		209,660
Libbey, Inc.	9,700		249,635		153,357
Lilly Eli & Co Com	29,097		1,845,311		1,620,994
Limited Brands	10,640		147,781		227,909
Lincoln National Corporation Indiana	4,502		160,835		211,234
Linear Technology Corp.	7,839		360,059		287,613
Linens 'N Things Inc.	5,500		134,235		130,130
Lions Gate Entertainment Corp.	54,495		518,031		559,119
Lithia Motors Inc.	8,000		132,797		230,800
Liz Claiborne Inc.	2,723		69,725		108,266
Lockheed Martin Corp.	11,116		535,646		721,095
Loew'S Corp.	4,704		242,983		364,560
Louisiana Pacific Corporation	2,653		42,781		65,211
Lowe's Cos. Inc.	19,679		422,378		1,145,711
Lubrizol Corporation	500		15,125		21,005
Lucent Technologies Inc.	115,031		1,194,281		334,740
M & T Bank Corp.	3,000		287,540		315,480
Maf Bancorp Inc.	12,976		427,795		553,167
Mbia, Inc.	3,649		160,384		216,422
Mbna Corporation	188,207		4,440,305		4,923,495
Memc Electronic Materials	13,300		117,159		209,741
Mgic Investment Corp.	2,703		146,168		176,290
Miva Inc.	14,900		100,038		69,136
Magellan Health Services Inc.	11,900		381,425		420,189
Magma Design Automation	7,000		43,091		58,520

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Mainsource Financial Group Inc.	4,299	\$	70,966	\$	77,769
Manor Care Inc.	2,283		65,438		90,704
Marathon Oil Corp.	43,668		1,407,160		2,330,572
Markel Corp.	2,800		950,567		949,200
Marsh & McLennan Cos	13,580		397,980		376,166
Marshall & Ilsley Corp.	5,749		170,605		255,543
Marriott Corporation	31,181		1,475,538		2,127,168
Masco Corporation	12,088		283,932		383,915
Mattel Inc.	10,552		263,039		193,102
Maxim Integrated Products	37,735		1,690,378		1,441,854
Maxygen Inc.	33,127		394,258		227,251
May Dept Stores Co Com	7,717		236,012		309,915
Maytag Corp.	1,987		46,803		31,116
Mccormick And Co Inc	3,530		90,570		115,360
Mc Donalds Corporation	32,871		798,279		912,170
Mcgraw Hill Inc.	9,674		207,628		428,075
Mckesson Hboc Inc.	79,543		2,533,826		3,562,731
Meadowbrook Insurance Group	17,800		88,064		93,272
Meadwestvaco Corp.	64,475		1,704,222		1,807,879
Medco Health Solutions Inc.	27,259		961,999		1,454,540
Medicines Company	21,500		572,383		502,885
Medicis Pharmaceutical Corp.	18,058		625,461		572,980
Medimmune Inc.	6,394		322,725		170,848
Medquist Inc.	1,100		18,036		14,630
Medtronic Inc.	60,032		2,648,304		3,109,057
Mellon Financial Corp.	10,944		313,626		313,983
Merchants Bancshares Inc.	1,800		26,736		47,228
Merck & Co. Inc.	57,974		2,236,323		1,785,599
Mercury Interactive Corp.	2,165		113,667		83,049
Meredith Corp.	1,261		45,136		61,865
Merrill Lynch	24,131		1,016,225		1,327,446
Mesa Air Group, Inc.	21,900		168,539		146,949
Mesa Laboratories Inc.	1,200		6,130		16,716
Metlife Inc.	19,981		650,860		897,946
Microsoft Corporation	491,612		11,892,363		12,211,642
Micron Technology Inc.	15,537		365,765		158,633
Microsemi Corp.	36,083		437,156		678,360
Millipore Corporation	1,230		48,436		69,778

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Mine Safety Appliances Co.	21,782	\$	758,958	\$	1,006,328
Mity Enterprises Inc.	1,700		20,698		26,350
Mod-Pac Corp.	702		5,939		11,513
Molecular Devices Corp.	17,100		324,198		369,873
Molex Inc.	4,848		176,550		126,242
Molson Coors Brewing Co.	11,722		692,885		726,764
Monaco Coach Corp.	21,000		393,401		360,990
Monsanto Co.	19,931		502,067		1,253,062
Monster Worldwide Inc	3,136		141,445		89,940
Moody'S Corporation	7,522		97,894		338,189
Morgan St Dean Witter	109,178		5,131,340		5,728,570
Motorola Inc.	266,035		3,908,272		4,857,799
Mylan Laboratories	6,800		165,173		130,832
Nbt Bancorp Inc.	8,605		189,944		203,422
Nbty Inc.	20,700		491,967		536,958
Nci Building Systems Inc.	4,800		157,185		157,440
Nco Group Inc.	19,945		459,013		431,410
Ncr Corporation	4,640		83,808		162,957
Nabi Biopharmaceuticals	21,700		333,581		330,491
National City Corp.	16,814		538,586		573,694
National Dentex Corp.	1,350		18,455		24,395
National Home Health Care	4,000		33,958		48,760
National-Oilwell Inc.	4,300		209,969		204,422
National Semiconductor Corp.	105,456		1,582,615		2,323,196
Natl Western Life Ins	1,200		136,272		232,668
Nationwide Financial Serv	11,200		417,304		424,928
Navigators Group Inc.	7,949		227,797		274,797
Navistar International	3,431		87,017		109,792
Navigant International Inc.	10,399		136,654		152,761
Nektar Therapeutics	19,362		324,789		326,056
Network Appliance Inc.	9,207		160,587		260,282
Neustar Inc.	13,300		320,493		340,480
New Jersey Resources Corp.	1,400		54,205		67,550
New York Times Co.	3,824		131,466		119,118
Newell Rubbermaid Inc.	6,955		233,795		165,807
Newfield Exploration Company	25,500		754,015		1,017,195
Newmarket Corp.	900		12,979		13,311
Newmont Mining Corporation	11,501		319,024		448,884

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
News Corp.	117,900	\$ 2,133,336	\$ 1,907,622
Nextel Communications Inc.	29,576	539,819	955,601
Nicor, Inc.	13,517	420,140	556,495
Nike Inc - Cl B	6,096	309,100	527,914
Nisource Inc.	6,660	153,633	164,702
Nordstrom, Inc.	3,245	69,922	220,563
Norfolk Southern	9,887	282,008	306,102
North Fork Bancorporation	61,059	1,684,996	1,715,147
North Valley Bancorp	2,850	37,943	48,878
Northern Trust Co.	5,591	244,646	254,894
Northrim Bancorp Inc.	1,870	14,154	43,908
Northrop Grumman Corporation	9,278	459,901	512,610
Northwest Pipe Company	1,800	39,456	41,850
Novartis Ag - Adr	13,000	629,239	616,720
Novell Inc.	9,443	59,062	58,547
Novellus Systems, Inc.	4,302	176,540	106,302
Nucor Corp.	4,466	131,837	203,739
Nvidia Corp.	70,235	1,754,916	1,876,679
Nuvasive Inc.	9,500	89,806	157,890
Oca Inc.	4,900	25,455	9,212
Osi Pharmaceuticals Inc.	13,700	592,395	559,919
Occidental Petroleum Corp.	10,219	281,604	786,148
Odyssey Healthcare Inc.	26,500	329,588	382,130
Odyssey Re Holdings Corp.	36,600	858,133	903,288
Office Depot Inc.	37,232	797,772	850,379
Officemax Inc.	2,079	68,022	61,892
Ohio Casualty Corp.	15,000	343,957	362,700
Old Dominion Freight Line	21,417	565,090	574,618
Omnicom Group, Inc.	4,882	271,991	389,877
Omnivision Technologies	27,600	360,601	375,084
Oneok Inc.	90,000	2,204,382	2,938,500
Opinion Research Corp.	3,400	23,838	25,330
Oracle Systems Corporation	116,682	1,102,780	1,540,202
Orbital Sciences Corp.	10,600	109,922	104,940
Oriental Financial Group	12,300	172,084	187,698
Outback Steakhouse Inc	37,300	1,527,213	1,687,452
Overland Storage Inc.	4,900	46,651	46,746
Overnite Corp.	1,600	55,398	68,768

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Owens & Minor Inc.	3,400	\$ 80,039	\$ 109,990
Pab Bankshares, Inc.	5,500	71,041	84,975
Pc Connections Inc.	12,500	68,087	77,750
Pdi Inc.	10,600	215,511	130,698
P G & E Corporation	9,879	199,219	370,858
Pff Bancorp Inc.	11,640	103,919	352,576
P.F. Changs China Bistro Inc.	11,000	469,103	648,780
Pmc Sierra Inc.	88,285	1,622,840	823,699
Pnc Financial Services Group	7,173	347,356	390,642
Pnm Resources, Inc.	9,100	139,520	262,171
Ppg Industries	4,305	233,867	270,182
Ppl Corporation	4,475	128,111	265,726
Pra International	11,600	277,303	310,648
Paccar, Inc.	4,522	120,328	307,496
Packeteer Inc.	17,200	236,934	242,520
Pactiv Corporation	4,045	126,402	87,291
Pall Corp.	3,120	68,052	94,723
Papa John'S Intl Inc.	8,400	220,130	335,748
Parametric Technology Corporation	6,707	101,491	42,791
Parker-Hannifin Corp	2,996	112,503	185,782
Parkvale Financial Corp.	2,600	58,229	70,590
Paxar Corp.	2,300	38,289	40,825
Paychex Inc.	9,548	256,675	310,692
Pediatric Svcs Of America	1,100	9,243	13,299
Pediatrics Medical Group Inc.	12,846	765,454	944,695
Penney J C Inc.	33,523	1,141,967	1,762,639
Pennfed Financial Svcs Inc.	694	4,500	11,715
Penns Wood Bancorp Inc.	1,300	57,655	58,357
Peoples Bancorp Inc.	6,855	170,352	183,371
Peoples Energy Corp.	18,714	707,284	813,310
Pepsi Bottling Group Inc.	6,354	146,284	181,788
Pepsico Inc. Capital Stock	92,978	4,061,706	5,014,304
Performance Food Group Co.	22,448	626,753	678,154
Perini Corp.	2,100	14,217	34,482
Perkinelmer Inc.	67,399	1,254,087	1,273,841
Pervasive Software Inc.	13,100	54,688	55,492
Petco Animal Supplies Inc.	25,292	764,773	741,561
Petsmart	22,000	619,508	667,700

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Pfizer Inc Com	333,846	\$ 9,124,550	\$ 9,207,473
Phelps Dodge	2,457	139,552	227,273
Photon Dynamics Inc.	25,700	777,077	529,677
Pilgrims Pride Corp - Cl B	16,500	579,068	563,145
Pinnacle Airlines Corp.	12,200	134,704	104,798
Pinnacle Entertainment Inc.	31,000	568,620	606,360
Pinnacle West Capital	2,315	87,252	102,902
Pioneer Drilling Company	25,745	280,610	392,869
Piper Jaffray Cos.	8,300	238,849	252,569
Pitney Bowes, Inc.	22,641	824,713	986,016
Plains Exploration & Production Co.	17,862	513,885	634,637
Plum Creek Timber Co. - Reit	4,640	135,225	168,432
Polyone Corporation	16,200	110,562	107,244
Pomeroy Computer Resources	6,200	71,993	62,806
Potlatch Corp.	2,900	117,216	151,757
Praxair Inc.	8,242	220,363	384,077
Prepaid Legal Services Inc.	11,300	267,025	504,545
Precis Inc.	4,100	14,340	4,059
Presidential Life	15,700	247,289	268,627
Prestige Brands Holdings Inc.	33,400	576,096	651,300
T Rowe Price Group Inc.	3,097	96,980	193,872
Principal Financial Group	7,802	219,530	326,904
Priority Healthcare Corp.	34,513	782,314	875,250
Procter & Gamble Co Com	127,878	5,662,221	6,745,565
Progress Energy Inc.	24,708	1,019,881	1,117,790
Progressive Corporation Ohio	5,105	199,798	504,425
Prologis Trust	4,540	124,509	182,690
Provident Bankshares Corp.	7,800	231,604	248,898
Providian Financial Corp.	7,351	116,469	129,598
Prudential Financial Inc.	13,042	418,380	856,338
Public Service Enterprise Gp	5,729	171,972	348,438
Pulte Corp.	3,098	50,367	261,007
Qlogic Corp.	2,380	147,685	73,471
Qad Inc.	3,513	28,133	27,050
Qualcomm Inc.	109,044	3,748,488	3,599,542
Quest Diagnostics Inc.	5,344	155,817	284,675
Qwest Communications Intl.	43,801	1,348,898	162,502
R & B Inc.	5,000	20,856	70,200

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Rpm Inc/Ohio	4,800	\$	88,683	\$	87,648
Radioshack Corp.	4,272		76,012		98,982
Range Resources Corp.	18,786		499,805		505,343
Rare Hospitality Intl Inc.	29,680		827,901		904,350
Raymond James Financial Inc.	3,700		89,655		104,525
Raytheon Company	11,313		467,430		442,565
Reebok International Limited	1,503		56,420		62,870
Regal Entertainment Group	22,056		457,408		416,417
Regions Financial Corp.	11,989		341,163		406,187
Renasant Corp.	5,000		160,222		153,800
Republic Bancorp	38,347		475,242		574,438
Republic First Bancorp Inc.	123		305		1,661
Resources Connection Inc.	40,809		508,159		947,993
Rewards Network Inc.	18,000		114,611		97,200
Rex Stores Corp.	7,775		75,617		112,349
Reynolds American Inc.	3,139		204,300		247,353
Robert Half Intl Inc.	4,315		117,824		107,746
Rockwell Automation	4,501		80,940		219,244
Rockwell Collins	4,516		105,988		215,323
Rohm & Haas Company	5,631		260,017		260,941
Ross Stores, Inc.	22,500		620,612		650,475
Rowan Companies Inc.	2,375		55,410		70,561
Royal Caribbean Cruises Ltd.	13,700		646,028		662,532
Ruddick Corp.	28,500		422,534		727,605
Russell Corporation	23,600		407,140		482,620
Ryan'S Restaurant Group Inc.	30,250		288,149		423,803
Ryder System Inc.	1,592		45,042		58,267
Ryland Group Inc.	3,700		64,251		280,719
Sbc Communications Inc.	311,569		7,845,128		7,399,764
Si International Inc.	26,700		653,773		799,932
Slm Corp.	11,670		254,800		592,836
Sabre Holdings Inc.	3,634		132,974		72,498
Safeco Corp.	3,510		139,711		190,733
Safety Insurance Group, Inc.	10,400		202,653		351,104
Safeway, Inc.	11,196		531,198		252,918
St Jude Medical Inc.	28,058		715,258		1,223,609
St Paul Companies Inc.	16,835		656,807		665,488
Sanderson Farms Inc.	3,750		41,671		170,400
Sandisk Corp.	43,500		1,160,751		1,032,255

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Sanmina-Sci Corp.	136,536	\$	1,013,923	\$	746,852
Sapient Corporation	76,776		624,762		608,834
Sara Lee Corporation	19,811		428,993		392,456
Schering Plough	108,457		2,370,573		2,067,190
Schlumberger Limited	15,769		891,158		1,197,498
School Specialty Inc.	6,600		139,937		306,900
Schwab (Charles) Corp.	32,051		348,746		361,535
Schweitzer-Mauduit Intl Inc.	10,600		312,081		329,978
Scientific - Atlanta, Inc.	3,779		76,310		125,727
Scs Transportation Inc.	7,400		136,364		131,720
Sealed Air Corp.	2,141		91,403		106,600
Sears Holdings Corp.	2,575		343,007		385,915
Semtech Corp.	36,778		704,430		612,354
Sempra Energy	6,962		196,291		287,600
Sensient Technologies Corp.	29,200		582,143		601,812
Serena Software Inc.	6,300		121,408		121,590
Sharper Image Corp.	6,400		123,789		81,472
Sherwin Williams Co.	3,724		108,133		175,363
Shopko Stores Inc.	21,300		285,700		517,803
Siebel Systems Inc.	12,417		535,503		110,511
Sierra Bancorp	600		9,878		13,608
Sigma-Aldrich Corporation	1,798		71,775		100,760
Sigmatron International Inc.	2,000		23,257		21,260
Sigmatel Inc.	11,000		251,033		188,760
Silgan Holdings Inc.	8,500		166,958		478,040
Silicon Storage Technology	53,200		365,948		214,396
Simmons First Natl Corp.	3,800		41,616		103,018
Simon Property Group Inc.	5,694		224,435		412,758
Skywest Inc.	38,000		528,640		690,840
Smart & Final Inc.	12,200		132,317		149,450
Smithfield Foods Inc.	30,400		898,496		829,008
Snap-On, Inc.	1,476		40,280		50,627
Solectron Corp.	22,047		387,804		83,558
Sonic Corp.	14,700		487,427		448,791
Sonic Automotive Inc.	20,200		446,530		429,452
Sonic Solutions	24,800		394,755		461,280
Sourcecorp	8,900		176,040		176,398
South Jersey Industries	4,600		189,675		281,152

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Southern Co.	18,606	\$	358,721	\$	645,070
Southwest Air	19,156		197,487		266,843
Southwest Bancorp Inc.	3,000		22,863		61,440
Sovereign Bancorp Inc.	8,318		183,534		185,824
Spectrum Brands Inc.	3,100		41,570		102,300
Sprint Corporation	159,083		3,067,680		3,991,392
Stage Stores Inc.	12,800		329,048		558,080
Staktek Holdings Inc.	26,700		97,636		80,100
Stancorp Financial Group	21,000		1,594,350		1,608,180
Standard Pacific Corp.	8,000		112,468		703,600
Standex International Corp.	8,900		239,378		252,849
Stanley Furniture Co Inc.	6,000		71,120		147,360
Stanley Works	38,166		1,620,769		1,738,080
Staples Inc.(Retail & Delivery)	18,975		261,325		404,547
Starbucks Corp.	10,005		191,332		516,858
Startek Inc.	10,400		237,716		170,768
Starwood Hotels & Resorts	43,289		1,797,806		2,535,437
State Street Corp.	8,431		294,933		406,796
Sterling Bancshares Inc./Tx	41,842		605,638		651,062
Sterling Finl Corp./Spokane	6,207		52,413		232,142
Stewart Info Svcs	7,800		151,951		327,600
Stone Energy Corp.	17,300		698,907		845,970
Stoneridge Inc.	16,400		213,622		108,240
Stratasys Inc.	14,358		435,753		469,219
Strattec Security Corp.	2,700		119,569		147,042
Stryker Corporation	28,472		1,199,249		1,354,128
Summa Industries	2,500		23,458		19,975
Sun Microsystems	85,816		621,563		320,094
Sungard Data Systems Inc	7,213		152,066		253,681
Sunoco Inc.	1,944		64,690		220,994
Sun Trust Bank Inc.	9,304		630,810		672,121
Superior Energy Services Inc.	29,555		295,054		526,079
Superior Industries Int'L., Inc.	14,000		457,608		331,800
Super Valu Stores	3,393		58,226		110,646
Symantec Corp.	18,088		229,443		393,233
Symbol Technologies, Inc.	5,848		115,817		57,720
Synaptics Inc.	31,295		512,597		668,461
Synopsys, Inc.	32,900		554,568		548,443

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Synovus Financial Corp.	7,701	\$	174,955	\$	220,788
Synnex Corp.	5,600		94,149		98,056
Sysco Corp	53,977		1,626,602		1,953,428
Teco Energy Inc.	4,756		104,538		89,936
Tessco Technologies Inc.	2,670		36,383		35,591
Tjx Companies Inc.	12,948		128,554		315,284
Trw Automotive Holdings Corp.	4,800		94,050		117,648
Tsr Inc.	2,100		13,462		12,600
Ttm Technologies	20,100		158,670		152,961
Txu Corporation	6,474		208,036		537,925
Talbots Inc.	1,100		29,304		35,717
Talk America Holdings Inc.	19,400		116,596		194,194
Tandy Brands Accessories Inc.	4,300		59,881		46,870
Target Corp.	22,900		440,466		1,245,989
Taylor Capital Group Inc.	1,800		37,657		70,650
Tech Data Corp.	21,900		805,520		801,759
Tektronix, Inc.	6,352		134,557		147,811
Tellabs, Inc.	11,157		262,699		97,066
Temple-Inland, Inc.	3,542		105,074		131,585
Tenet Healthcare Corporation	11,835		259,338		144,860
Teradyne, Inc.	4,791		170,332		57,348
Texas Instruments, Inc.	179,461		3,952,304		5,037,470
Texas Roadhouse Inc.	21,163		503,886		735,414
Texas United Bancshares	3,000		57,057		54,600
Textron, Inc.	3,427		197,531		259,938
Thermo Electronics Corp	4,103		93,182		110,248
3 M Co	19,926		1,078,507		1,440,650
Tiffany & Co.	3,682		109,661		120,622
Timberland Bancorp Inc.	1,100		14,746		24,695
Timco Aviation Services Inc.	1,515		58		227
Time Warner Inc.	256,064		6,022,963		4,278,829
Timken Co.	2,700		68,110		62,370
Torchmark Corp.	2,944		98,616		153,677
Toys R Us	5,604		145,862		148,394
Transmontaigne Inc.	26,400		159,596		277,200
Triad Guaranty Inc.	7,100		328,780		357,769
Tribune Co.	7,937		271,596		279,224
Trico Bancshares	6,500		54,535		145,210

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Trizec Properties Inc.	88,300	\$	1,774,134	\$	1,816,331
Trustmark Corp.	23,172		653,580		678,013
Tupperware Corporation	25,400		518,266		593,598
21St Century Insurance Group	16,700		226,357		247,828
Tyco International Ltd.	51,848		1,620,553		1,513,962
Uici	29,800		367,445		887,146
Ust Inc.	16,741		676,697		764,394
Us Bancorp	117,592		3,200,104		3,433,686
U.S. Xpress Enterprises, Inc.	6,400		70,392		76,224
Unico American Corp	2,200		16,605		20,042
Union Pacific Corporation	6,644		417,313		430,531
Unisys Corp.	8,414		138,536		53,261
Unit Corp.	13,783		420,600		606,590
United Auto Group Inc.	19,200		269,434		572,160
United Community Financial	8,400		89,544		91,896
United Bankshares Inc.	4,300		130,506		153,123
United Fire & Casualty Co.	1,620		35,343		71,960
United Guardian Inc.	700		4,407		5,635
United Industrial Corp.	5,100		81,057		182,274
United Online Inc.	39,600		415,181		430,056
United Parcel Service - Cl B	28,641		1,895,933		1,980,812
United Rentals Inc.	9,100		150,333		183,911
United Security Bancshares	2,000		43,833		61,520
United States Steel Corp.	17,416		640,825		598,588
United Technologies	26,136		757,964		1,342,084
Unitedhealth Group Inc.	57,600		1,346,992		3,003,264
Universal American Financial	8,300		40,455		187,746
Universal Compression Hldgs.	15,600		583,271		565,344
Universal Corporation	17,400		611,350		761,772
Universal Forest Products	10,900		210,232		451,805
Univision Communications	8,114		296,371		223,541
Unocal Corp.	6,544		234,033		425,687
Unumprovident Corp.	7,498		235,440		137,363
UTI Worldwide Inc.	10,224		437,379		711,795
V F Corporation	2,840		96,602		162,505
Valassis Communication	2,900		90,373		107,445
Valero Energy Corp.	6,600		214,744		522,126
Vectren Corporation	8,400		209,633		241,332
Veritas Software Corp.	10,521		881,395		256,712

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Versign Inc.	48,500	\$	863,170	\$	1,394,860
Verizon Communications	229,057		8,629,476		7,913,919
Vertrue Inc.	5,100		141,264		198,696
Viacom Inc. - Cl B	41,837		1,435,829		1,339,621
Visteon Corp.	3,315		29,082		19,989
Volt Info Sciences Inc.	3,800		77,064		90,174
Vulcan Materials Co.	2,576		115,579		167,414
Wci Communities Inc.	1,200		27,012		38,436
Wgl Holdings Inc.	26,100		723,855		878,004
Wms Industries Inc.	26,900		827,312		907,875
Wps Resources Corp.	18,400		880,677		1,035,000
Wfsf Financial Corp.	1,900		25,172		103,949
Wachovia Corp.	109,698		5,027,463		5,441,021
Wal-Mart Stores Inc.	88,177		3,128,419		4,250,131
Walgreen Co.	54,095		1,895,762		2,487,829
Warnaco Group Inc.	27,785		470,451		646,001
Warwick Valley Telephone Co.	1,200		24,575		29,520
Washington Banking Co.	1,840		13,980		27,876
Washington Federal Inc	7,610		178,076		178,987
Washington Mutual Inc.	22,938		685,477		933,347
Waste Connections Inc.	15,176		480,521		565,913
Waste Holdings Inc.	6,714		51,651		94,936
Waste Management Inc.	14,599		568,351		413,736
Waters Corp.	3,152		114,682		117,160
Watson Pharmaceutical Inc.	2,815		126,379		83,211
Weider Nutrition Intl Inc.	3,700		11,285		16,539
Wellpoint Inc.	35,794		1,725,376		2,492,694
Wells Fargo Company(1998)	43,398		1,634,059		2,672,449
Wendy'S International, Inc.	2,878		81,374		137,137
Wesbanco Inc.	6,200		170,222		186,124
West Coast Bancorp/Oregon	2,100		31,658		51,261
Westaff Inc.	3,300		10,113		11,550
Westcorp	10,723		210,341		562,100
Western Digital Corp.	175,300		2,026,550		2,352,526
Weyerhaeuser Co.	6,155		330,933		391,766
Whirlpool Corporation	1,940		110,702		136,013
Williams Companies Inc.	15,431		343,590		293,189
Wireless Telecom Group Inc.	1,400		3,751		3,808

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Witness Systems Inc.	41,200	\$ 681,593	\$ 751,076
Wolverine World Wide	32,846	386,446	788,632
World Acceptance Corp.	8,200	45,617	246,410
Worthington Industries	28,500	495,837	450,300
Wrigley (Wm.) Jr. Co.	5,108	220,801	351,635
Wyeth	62,682	2,558,045	2,789,349
XL Capital Ltd.	3,465	283,250	257,865
XM Satellite Radio Hold	33,100	850,048	1,114,146
XTO Energy Inc.	8,800	231,174	299,111
Xcel Energy Inc.	10,113	253,277	197,406
Xilinx Inc.	8,658	322,808	220,779
Xerox Corporation	24,424	577,753	336,807
Yadkin Vy Bk & Tr Elkin N C	1,100	14,487	15,950
Yahoo! Inc.	103,900	3,456,769	3,600,135
York International Corp.	11,200	318,235	425,600
Yum! Brands Inc.	7,418	130,768	386,329
Zale Corp.	28,900	593,324	915,841
Zimmer Holdings Inc.	21,045	1,225,918	1,602,998
Zions Bancorporation	2,286	123,610	168,090
Zymogenetics Inc.	20,850	291,153	366,960
Cooper Industries Ltd.	2,365	104,887	151,124
Ingersoll-Rand Co.	4,396	186,653	313,655
Nabors Industries Ltd.	3,694	172,142	223,930
Noble Corp.	3,389	135,278	208,457
Transocean	8,211	296,327	443,148
	<u>22,777,621</u>	<u>\$ 612,769,092</u>	<u>\$ 721,815,680</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Advantest Corp.	19,600	\$ 1,592,335	\$ 1,448,642
Astellas Pharma Co.	65,300	2,100,993	2,233,436
BG Group Plc.	435,000	1,691,953	3,578,895
Colruyt Nv.	18,000	1,046,313	2,455,924
China Mobile Ltd.	387,000	1,185,392	1,441,299
CLP Holdings Limited	565,000	2,185,839	3,241,738
Canon Inc.	43,500	1,085,316	2,292,573
Cnooc Ltd.	5,005,000	2,133,267	2,993,999
Daikin Industries Ltd.	92,000	2,271,685	2,303,944
Denso Corporation	102,000	1,546,734	2,324,249
Ericsson LM-B	380,000	1,192,330	1,221,419
Eisai Co. Ltd.	80,000	1,592,684	2,692,898
Fanuc	38,300	1,545,198	2,436,739
Hennes & Mauritz Ab-B Shs	70,000	1,311,484	2,465,120
Hirose Electric Co. Ltd.	18,500	1,904,331	2,038,489
Honda Motor Co. Ltd.	47,000	1,561,645	2,320,097
Hong Kong & China Gas	1,580,000	1,704,920	3,211,506
Hutchison Whampoa	275,000	1,999,556	2,485,270
Inditex	92,000	2,048,409	2,370,162
Kingfisher Plc.	403,000	1,946,306	1,776,999
Kao Corporation	85,000	1,866,671	2,005,911
Keyence Corporation	11,200	1,386,312	2,512,697
L'Oreal	25,900	1,766,205	1,860,969
LVMH (Moet-Hennessy Louis Vui)	27,450	1,032,617	2,123,547
Lend Lease Corp Ltd.	203,000	1,831,802	2,005,388
Morrison (Wm.) Supermarkets	400,000	1,741,600	1,333,583
Mitsubishi Tokyo Financial	267	3,091,595	2,267,368
Millea Holdings Inc.	164	1,656,139	2,205,216
Mitsubishi Estate Co. Ltd.	205,000	1,902,879	2,258,867
Murata Manufacturing Co. Ltd.	13,600	894,557	693,439
Nokia Ab	78,900	764,979	1,322,956
NTT Docmo, Inc.	850	1,682,204	1,258,009
Nikko Securities Co. Ltd.	273,000	2,264,043	1,202,274
NTT Corp.	260	1,621,527	1,114,520
Novo Nordisk A/S-B	52,500	1,277,762	2,673,915
Rio Tinto Plc.	35,500	1,103,915	1,086,834
Reckitt Benckiser Plc.	71,000	1,331,995	2,093,492

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2005

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Rohm Company	24,700	\$ 2,294,558	\$ 2,385,075
Shell Transport & Trading Co.	290,000	1,807,355	2,821,272
Suncor Energy Inc.	58,000	1,722,420	2,742,783
Secom	49,000	1,901,762	2,109,286
Shin-Etsu Chemical Co.	58,000	1,139,969	2,203,592
Sony Corp.	50,300	2,132,286	1,734,013
Total Fina Elf Sa	11,500	1,555,859	2,705,137
Television Francaise (T.F.1)	85,070	2,715,788	2,263,720
Takeda Chemical Inds.	52,000	1,428,004	2,580,995
UCB Sa	58,700	1,706,851	2,856,108
Woodside Petroleum Limited	194,000	941,604	4,325,388
	<u>12,131,061</u>	\$ <u>80,209,949</u>	\$ <u>106,079,750</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF SHORT TERM INVESTMENTS
JUNE 30, 2005

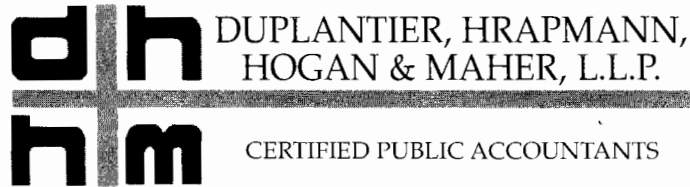
<u>Automatic Sweep Vehicles</u>	
Northern Trust Collective Government STIF	\$ 46,162,123
	<u>46,162,123</u>
TOTAL AUTOMATIC SWEEP VEHICLES	
	<u>46,162,123</u>
U.S. Treasury Bill	<u>329,660</u>
	<u>329,660</u>
<u>Commercial Paper</u>	
General Electric Cap. Corp.	<u>29,116,934</u>
	<u>29,116,934</u>
TOTAL COMMERCIAL PAPER	
	<u>29,116,934</u>
TOTAL SHORT TERM INVESTMENTS	\$ <u><u>75,608,717</u></u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF REAL ESTATE HELD FOR INVESTMENT
JUNE 30, 2005

	<u>Cost</u>	<u>Fair Value</u>
Real Estate Held for Investment	\$ <u>2,108,746</u>	\$ <u>2,368,916</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2005

EXPENSES:	
Salaries	\$ 1,717,052
Overtime pay	41,798
Related benefits	391,849
Student labor	12,269
Compensation - board	7,650
Total expenses	<u>2,170,618</u>
OPERATING EXPENSES:	
Professional improvement - staff and board	41,159
Travel - board	46,013
Travel - staff	18,634
Total operating expenses	<u>105,806</u>
OPERATING SERVICES:	
Printing	29,451
Equipment maintenance	40,752
Building	276,870
Dues	4,569
Postage	115,462
Telephone	45,645
Insurance	11,076
Legal	13,655
Total operating services	<u>537,480</u>
SUPPLIES:	
Office	15,160
Computer	33,707
Total supplies	<u>48,867</u>
PROFESSIONAL SERVICES:	
Medical	5,805
Actuary	45,000
Audit	25,965
Records imaging	46,960
Total professional services	<u>123,730</u>
INTERAGENCY TRANSFERS:	
Secretary of State	-
State treasury	100
Civil Service	6,027
Attorney general	59,505
Total interagency transfers	<u>65,632</u>
OTHER CHARGES:	
Legiscon	2,800
Miscellaneous	28,438
Computer software	36,246
Total other charges	<u>67,484</u>
TOTAL EXPENSES	<u>\$ 3,119,617</u>



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MEMBERS
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
A FINANCIAL STATEMENT AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 26, 2005

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, 2005, and have issued our report thereon dated August 26, 2005. 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.

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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material 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.

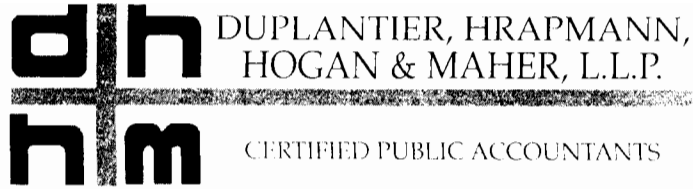
However, we noted certain matters that we reported to management of the State of Louisiana School Employees' Retirement System in a separate letter dated August 26, 2005.

Compliance and Other Matters

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*.

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.

Duplante, Chapman, Hoyer & McPherson



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August 26, 2005

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

In planning and performing our audit of the financial statements of the State of Louisiana School Employees' Retirement System for the year ended June 30, 2005, we considered its 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 an opinion on the internal control over financial reporting.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material 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 operations that we consider to be material weaknesses as defined above.

However, we noted the following opportunities for strengthening internal controls and operating effectiveness which we felt should be presented to management.

05-01 Bank Reconciliations

During the current year audit, it was noted that the one bank account had not been reconciled for the month of June 2005. Bank reconciliations not prepared in a timely manner may result in transactions not being booked into the financial records for the period in which they occurred. The performance of a bank reconciliation functions as a control over cash receipts and disbursements. The performance of timely bank reconciliations is necessary to prevent or detect errors and/or misappropriations in a timely manner. We recommend that the System prepare monthly bank reconciliations in a timely manner.

05-02 Excess Contributions

During the current year audit, it was noted that in June 2005 the System received a contribution from one school board in the amount of approximately \$275,000 in excess of its required monthly contribution. The System did not investigate the cause for the discrepancy in the contribution. The failure to promptly investigate discrepancies in contributions received may result in the System not receiving the proper amounts from participating School Boards. We recommend that the System investigate any discrepancies in contributions received on a timely basis.

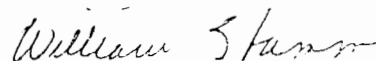
05-03 Federal Withholding

During the current year audit, it was noted that the System did not remit over \$23,000 in federal taxes withheld from manual checks to members during the period January through June 2005 until June 2005. The failure to promptly remit withheld taxes may result in the System being assessed interest and penalties by the IRS. We recommend that the System remit federal taxes withheld on a timely basis to ensure compliance with IRS regulations.

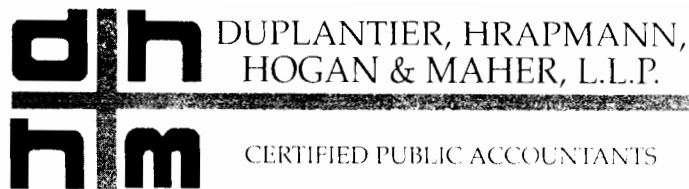
This report is intended solely for the information and use of the Board of Trustees of the State of Louisiana School Employees' Retirement System, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



William G. Stamm, CPA
Partner



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August 26, 2005

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

We have audited the financial statements of the State of Louisiana School Employees' Retirement System for the year ended June 30, 2005 and have issued our report thereon dated August 26, 2005. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND GOVERNMENT AUDITING STANDARDS:

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the State of Louisiana School Employees' Retirement System. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the State of Louisiana School Employees' Retirement System's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

SIGNIFICANT ACCOUNTING POLICIES:

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies

used by the State of Louisiana School Employees' Retirement System are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2005. We noted no transactions entered into by the System during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

ACCOUNTING ESTIMATES:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about the past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Accumulated depreciation and related useful life of property, plant and equipment
2. Securities carrying value
3. Accruals

In formulating the estimates, management used its knowledge and experience about past and current events and assumptions about conditions that management expects to exist and courses of action that management expects to take. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

AUDIT ADJUSTMENTS:

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Organization, either individually or in the aggregate, indicate matters that could have a significant effect on the Company's financial reporting process.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT:

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If the consultation involves application of an accounting principle to the System's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

ISSUES DISCUSSED PRIOR TO RETENTION OF INDEPENDENT AUDITORS:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

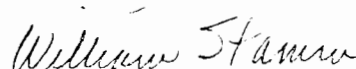
DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT:

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Trustees and management of the State of Louisiana School Employees' Retirement System and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



William G. Stamm, CPA
Partner

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2005

	<u>Current Year Over (Under) Statement of Changes in Plan Net Assets</u>
Unadjusted audit differences:	
Annual leave	\$ 150,194
Commission recapture	<u>(163,340)</u>
Cumulative effect (before effect of prior year differences)	(13,146)
Effect of unadjusted audit differences – prior year	<u>157,524</u>
CUMULATIVE EFFECT (AFTER EFFECT OF PRIOR YEAR DIFFERENCES)	\$ <u>144,378</u>