

REPORT
STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2006 AND 2005

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
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JUNE 30, 2006 AND 2005

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INDEPENDENT AUDITOR'S REPORT

September 19, 2006

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, 2006 and 2005, 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, 2006 and 2005, 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, 2006 and 2005 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 – 73 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, 2001 – 2006 and supplemental schedules for the years ending June 30, 2006 and 2005, 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 September 19, 2006 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.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

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 \$84,039,860 at June 30, 2006; however, this is a 27% decrease from net investment income of \$115,092,079 at June 30, 2005. This decrease is due to less than expected returns generated by the equity portfolio of the System.
- Member contributions decreased by \$1,229,910 or 6%. This decrease is mainly due to a loss of active members as a result of Hurricanes Katrina and Rita during the fiscal year.
- Employer contributions increased by \$5,704,327 or 15%. This increase is mainly due to a 25% increase in the employer contributions rate. The employer rate increased from 14.8% to 18.4%; the actual increase was less due to a lower salary base resulting from the loss of members due to Hurricanes Katrina and Rita.
- Refunds of member contributions increased by \$4,091,401 or 137% due mainly to an increase in refunds to members of Orleans Parish School Board. These members were no longer employed after the hurricane, and made a withdrawal of their contributions. There was also an increase in the number of refunds to members who had been out of service for five years or more.
- Other expenses also increased by \$673,273 resulting from transfers of members to other systems and also refunds to employers of overpayments of contributions for prior years.

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.

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

The statements of plan net assets report the pension fund's assets, liabilities, and results in the net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2006 and June 30, 2005.

The statements of changes in plan net assets report the results of the pension fund 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. Member contributions, employer contributions, and earnings on investments fund these benefits.

Statements of Plan Net Assets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash	\$ 14,776,356	\$ 12,045,346
Receivables	42,514,462	25,533,967
Investments	1,716,670,317	1,740,198,684
Property and Equipment	<u>3,782,036</u>	<u>3,925,350</u>
Total Assets	1,777,743,171	1,781,703,347
Total Liabilities	<u>273,347,500</u>	<u>291,304,025</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 1,504,395,671</u>	<u>\$ 1,490,399,322</u>

Statements of Changes in Plan Net Assets
For the Years Ended June 30, 2006 and 2005

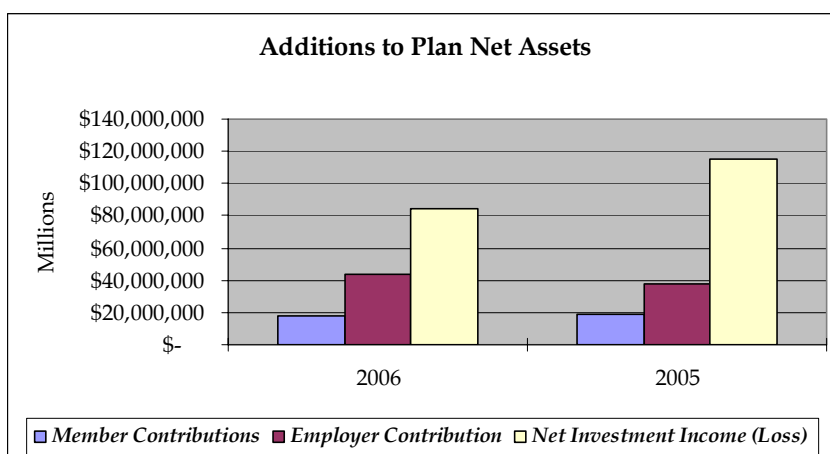
	<u>2006</u>	<u>2005</u>
Additions:		
Contributions	\$ 61,174,981	\$ 56,700,564
Investment Gains	<u>84,039,860</u>	<u>115,092,079</u>
Total Additions	145,214,841	171,792,643
Total Deductions	<u>131,218,492</u>	<u>116,179,118</u>
Change in Plan Net Assets	<u>\$ 13,996,349</u>	<u>\$ 55,613,525</u>

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

ADDITIONS TO PLAN NET ASSETS

Additions to LSERS plan net assets were derived from member and employer contributions and net gains on investments. Employer contributions increased \$5,704,327 or 15% while member contributions decreased \$1,229,910 or 6%. The increase in employer contributions is due to a 25% increase in the employer contribution rate, however, both the member and employer contributions were less due to a reduction in the salary base as a result of Hurricanes Katrina and Rita. The System experienced net investment income of \$84,039,860 for the fiscal year ending June 30, 2006 as compared to net investment income of \$115,092,079 for fiscal year ending June 30, 2005. This decrease in net investment income is due primarily to performance of the equity portion of the system's portfolio. The performance of the equity portfolio of the system was less than expected.

<u>Additions to Plan Net Assets</u>	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Member Contributions	\$ 17,716,761	\$ 18,946,671	\$ (1,229,910)	(6)%
Employer Contributions	43,458,220	37,753,893	5,704,327	15%
Net Investment Income (Loss)	<u>84,039,860</u>	<u>115,092,079</u>	<u>(31,052,219)</u>	(27)%
Total	<u>\$ 145,214,841</u>	<u>\$ 171,792,643</u>	<u>\$ (26,577,802)</u>	

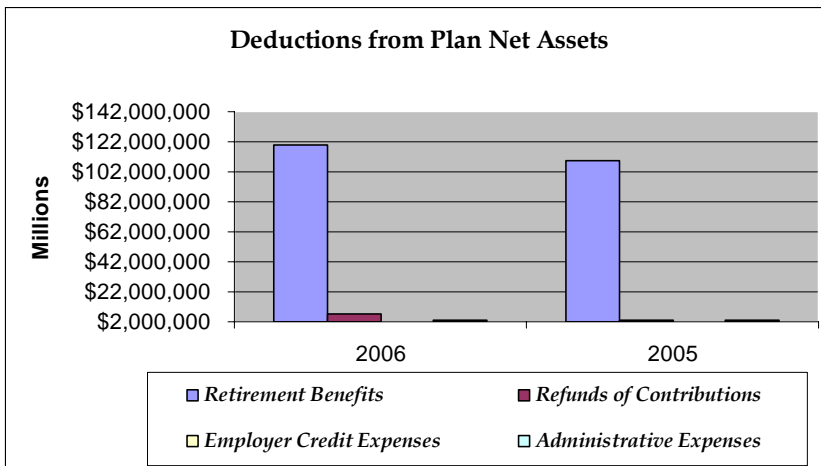


LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

DEDUCTIONS FROM PLAN NET ASSETS

Deductions from plan net assets include mainly retirement, death and survivor benefits, refunds of contributions and administrative expenses. Deductions from plan net assets totaled \$131,218,492 in fiscal year 2006. This increase of \$15,039,374 or 12.9% is due mainly to the increase in retirement benefits paid and the refund of member contributions. The cost of administering LSERS benefits per member during 2006 was \$118.

<u>Deductions to Plan Net Assets</u>	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Retirement Benefits	\$ 119,959,677	\$ 109,842,001	\$ 10,117,676	9%
Refunds of Contributions	7,070,499	2,979,098	4,091,401	137%
Administrative Expenses	3,276,641	3,119,617	157,024	5%
Other Expenses	<u>911,675</u>	<u>238,402</u>	<u>673,273</u>	282%
Total	\$ <u>131,218,492</u>	\$ <u>116,179,118</u>	\$ <u>15,039,374</u>	



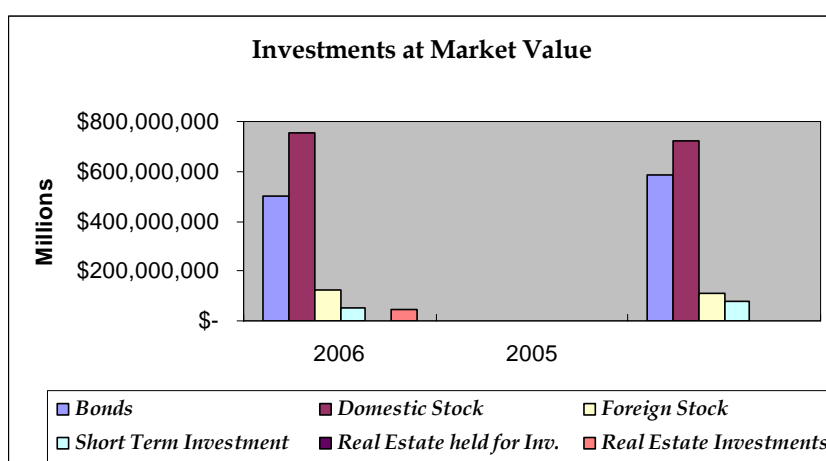
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

INVESTMENTS

LSERS is responsible for the prudent management of funds held in trust for the exclusive benefit of our members. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2006 were \$1,482,756,392 as compared to \$1,492,625,517 at June 30, 2005, a decrease of \$9,869,125. This is less than a one percent decrease in total investments from the previous fiscal year. The reduction in the value of the total investments of the System is largely attributable to the liquidation of assets on a quarterly basis at the rate of approximately \$15 million per quarter in order to fund benefits.

LSERS' investments in various asset classes at the end of the 2006 and 2005 fiscal years are indicated in the following table:

<u>Investments</u>	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Bonds	\$ 501,690,717	\$ 586,752,454	\$ (85,061,737)	(14)%
Domestic Stock	753,696,612	719,855,456	33,841,156	5%
Foreign Stock	121,917,501	108,039,974	13,877,527	13%
Short Term Investments	55,052,813	75,608,717	(20,555,904)	(27)%
Real Estate Held for Investment	2,249,936	2,368,916	(118,980)	(5)
Real Estate Investments	48,148,813	--	48,148,813	N/A
Total	\$ <u>1,482,756,392</u>	\$ <u>1,492,625,517</u>	\$ <u>(9,869,125)</u>	



REQUESTS FOR INFORMATION

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

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2006 AND 2005

	<u>ASSETS</u>	
	<u>2006</u>	<u>2005</u>
CASH:		
In bank	\$ 14,776,356	\$ 12,045,346
RECEIVABLES: (Notes 1 and 3)		
Member contributions	2,747,895	2,766,509
Employer contributions	6,865,880	5,393,189
Accrued interest and dividends	5,688,588	5,830,125
Investment receivable	27,178,465	11,520,178
Other	33,634	23,966
Total receivables	<u>42,514,462</u>	<u>25,533,967</u>
INVESTMENTS, AT FAIR VALUE:		
(Notes 1, 5, 6, and 7) (Pages 31 - 72)		
U.S. Government and agency obligations	74,836,061	80,853,169
Bonds - domestic and foreign	422,888,425	505,899,285
Fixed income funds	3,966,231	-
Real estate funds	48,148,813	-
Marketable securities - domestic	753,696,612	721,815,680
Marketable securities - foreign	121,917,501	106,079,750
Collateral held under securities lending program	233,913,925	247,573,167
Short-term investments	55,052,813	75,608,717
Real estate held for investment	2,249,936	2,368,916
Total investments	<u>1,716,670,317</u>	<u>1,740,198,684</u>
PROPERTY AND EQUIPMENT, AT COST: (Notes 1 and 9)		
Building	3,632,918	3,675,776
Land	1,010,225	1,010,225
Furniture and equipment	1,040,763	1,007,789
	<u>5,683,906</u>	<u>5,693,790</u>
Less accumulated depreciation	1,901,870	1,768,440
Total property and equipment	<u>3,782,036</u>	<u>3,925,350</u>
Total assets	<u>1,777,743,171</u>	<u>1,781,703,347</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	1,737,755	1,045,285
Accrued expenses and benefits	436,388	226,550
Obligations under securities lending program (Notes 5 and 6)	233,913,925	247,573,167
Investment payable	37,259,432	42,459,023
Total liabilities	<u>273,347,500</u>	<u>291,304,025</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u>1,504,395,671</u>	\$ <u>1,490,399,322</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, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
ADDITIONS:		
Contributions: (Notes 1 and 3)		
Member contributions	\$ 17,716,761	\$ 18,946,671
Employer contributions	43,458,220	37,753,893
Total contributions	<u>61,174,981</u>	<u>56,700,564</u>
Investment Income: (Note 1)		
Net appreciation in fair value of investments	32,662,097	71,139,104
Interest	32,764,024	30,456,898
Securities lending income	9,966,739	5,093,119
Dividends	21,373,749	16,278,260
Real estate income	295,479	288,935
Foreign currency exchange gain	4,219	-
	<u>97,066,307</u>	<u>123,256,316</u>
Less Investment Expense:		
Investment advisory fee	3,210,066	3,119,925
Custodian and bank fees	198,141	198,800
Foreign currency exchange loss	-	32,602
Securities lending expense	9,487,138	4,688,316
Real estate expense	131,102	124,594
	<u>13,026,447</u>	<u>8,164,237</u>
Net investment gain	<u>84,039,860</u>	<u>115,092,079</u>
Total additions	<u>145,214,841</u>	<u>171,792,643</u>
DEDUCTIONS:		
Retirement benefits paid	119,959,677	109,842,001
Refunds of contributions	7,070,499	2,979,098
Administrative expenses (Page 73)	3,276,641	3,119,617
Depreciation expense	133,430	140,379
Transfer to other systems - employee	12,528	11,369
Transfer to other systems - employer and interest	765,717	86,654
Total deductions	<u>131,218,492</u>	<u>116,179,118</u>
NET INCREASE	<u>13,996,349</u>	<u>55,613,525</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,490,399,322	1,434,785,797
END OF YEAR	<u>\$ 1,504,395,671</u>	<u>\$ 1,490,399,322</u>

See accompanying notes.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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, 2006 AND 2005

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, 2006 AND 2005

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, 2006 and 2005, plan membership consisted of:

	<u>2006</u>	<u>2005</u>
Retirees and beneficiaries		
currently receiving benefits	11,687	10,953
Terminated employees entitled to benefits		
but not yet receiving them	292	356
Terminated vested employees who have not		
withdrawn contributions (DROP)	732	856
Fully vested, partially and		
nonvested active employees	<u>13,079</u>	<u>13,837</u>
 TOTAL PARTICIPANTS	 <u>25,790</u>	 <u>26,002</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, 2006 AND 2005

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, 2006 AND 2005

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 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, 2006 and 2005. 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, 2006 and 2005 was 18.4% and 14.8%, respectively.

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:

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, 2006 and 2005 is \$-0- and \$-0-, respectively. Any excess funds at year end are closed out to the Pension Accumulation Fund per Louisiana Statute.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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, 2006 and 2005 is \$135,649,178 and \$141,416,611, 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, 2006 and 2005 is \$524,767,645 and \$626,398,551, respectively. The Pension Accumulation Fund is 30% funded at June 30, 2006 and 36% funded at June 30, 2005.

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, 2006 and 2005 is \$1,040,221,198 and \$959,145,929, respectively. The Survivors Benefit Reserve as of June 30, 2006 and 2005 is \$108,606,912 and \$103,311,265, respectively. Both Reserves are fully funded.

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, 2006 and 2005 is \$62,477,642 and \$58,574,777, respectively. The Deferred Retirement Option account is fully funded.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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, 2006 and 2005 is \$871,690 and \$597,489, respectively. The Initial Benefit Retirement Plan Reserve is fully funded.

4. ACTUARIAL COST METHOD:

The individual "Entry Age Normal" cost method was used to calculate the funding requirements of the Retirement System. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as 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.

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Plan's deposits, cash equivalents and investments at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Deposits (bank balance)	\$ 17,110,092	\$ 12,704,204
Cash equivalents	55,052,813	75,608,717
Investments	<u>1,661,617,504</u>	<u>1,664,589,967</u>
	<u>\$ 1,733,780,409</u>	<u>\$ 1,752,902,888</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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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

Cash Equivalents:

For the years ending June 30, 2006 and 2005, cash equivalents in the amount of \$52,973,614 and \$75,279,057, 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, 2006 and 2005, cash equivalents in the amount of \$326,492 and \$329,660, 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. For the years ending June 30, 2006 and 2005, cash equivalents in the amount of \$1,752,707 and \$-0-, respectively, consist of money market funds held by the Plan's custodian 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.

Concentration of Credit Risk:

The Plan's investment policy states that no more than 5 percent of the total stock portfolio 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, 2006 and 2005.

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, 2006 and 2005 (U.S. Government and Agency obligations totaling \$74,836,061 and \$80,853,169 are not rated). Below is a schedule of other bonds and bond funds with their applicable ratings.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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

Credit Risk: (Continued)

<u>2006</u>		Corporate <u>bonds</u>	Mortgage-backed <u>securities</u>	Collateralized <u>mortgage oblig.</u>	<u>Other</u>	Total <u>Bonds</u>	Fixed Income <u>Funds</u>
AAA	\$	5,651,780	\$ 32,707,050	\$ 18,245,781	\$ 872,852	\$ 57,477,463	\$ -
AA+		-	-	-	-	-	437,871
AA		495,717	825,558	-	1,026,196	2,347,471	-
AA-		14,022,458	-	-	1,299,966	15,322,424	-
A+		20,942,192	-	-	-	20,942,192	-
A		20,010,388	-	-	3,857,652	23,868,040	-
A-		18,587,533	-	-	287,062	18,874,595	-
BBB+		30,172,007	626,972	-	-	30,798,979	-
BBB		29,258,474	1,648,820	609,171	6,454,641	37,971,106	431,280
BBB-		15,688,473	459,143	565,203	1,102,222	17,815,041	-
BB+		4,280,887	-	-	1,651,759	5,932,646	-
BB		2,005,000	-	-	-	2,005,000	-
BB-		4,840,375	-	-	459,000	5,299,375	1,648,920
B+		3,911,810	-	-	-	3,911,810	-
B		667,850	-	-	-	667,850	-
B-		-	-	-	686,250	686,250	-
Not rated		-	143,122,908	35,845,275	-	178,968,183	1,448,160
	\$	<u>170,534,944</u>	<u>179,390,451</u>	<u>55,265,430</u>	<u>17,697,600</u>	<u>422,888,425</u>	<u>3,966,231</u>

<u>2005</u>		Corporate <u>bonds</u>	Mortgage-backed <u>securities</u>	Collateralized <u>mortgage oblig.</u>	<u>Other</u>	Foreign <u>Government</u>	<u>Total</u>
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, 2006 AND 2005

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

Credit Risk: (Continued)

The Plan's investment policy limits its investments to corporate debt issues rated investment grade by Moody's Investor Services, Standard & Poors, Fitch Investor Services, or Duff & Phelps. 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.

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, 2006 and 2005 for investments in the amounts of \$1,482,756,392 and \$1,492,625,517, respectively, since the investments are in the name of the Plan. At June 30, 2006 and 2005, for collateral held under securities lending in the amounts of \$233,913,925 and \$247,573,167, respectively, and noncash collateral received under the securities lending program in the amounts of \$14,046,699 and \$7,057,170, 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, 2006 and 2005 as follows:

<u>Currency</u>	<u>2006</u> <u>Fair Value</u>	<u>2005</u> <u>Fair Value</u>
Australian dollar	\$ 6,669,039	\$ 6,330,776
European euro	14,113,527	17,958,523
Canadian dollar	3,249,348	2,742,783
Hong Kong dollar	14,381,685	13,373,812

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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

Foreign Currency Risk: (Continued)

Danish krone	3,343,261	2,673,915
Japanese yen	60,348,020	46,622,327
Swedish krona	3,010,044	3,686,539
Swiss franc	2,539,918	--
British pound	<u>14,262,659</u>	<u>12,691,075</u>
Total	<u>\$ 121,917,501</u>	<u>\$ 106,079,750</u>

The Plan's investment policy has a target of 10 percent of total investments in foreign marketable securities. At June 30, 2006 and 2005, the Plan's current position is 8 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, 2006 and 2005, the Plan had the following investments in long-term debt securities and maturities:

2006

<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	\$ 74,836,061	\$ -	\$ 58,855,290	\$ 3,592,761	\$ 12,388,010
Other Bonds:					
Corporate Bonds	\$ 170,534,944	\$ -	\$ 49,570,512	\$ 87,193,925	\$ 33,770,507
Mortgage-backed securities	179,390,451	293,616	7,320,941	5,081,028	166,694,866
Collateralized mortgage obligations	55,265,430	-	-	1,507,764	53,757,666
Other	17,697,600	-	1,360,759	6,855,932	9,480,909
	<u>\$ 422,888,425</u>	<u>\$ 293,616</u>	<u>\$ 58,252,212</u>	<u>\$ 100,638,649</u>	<u>\$ 263,703,948</u>
Collateral Held Under Securities Lending Program	\$ 233,913,925	\$ 233,913,925	\$ -	\$ -	\$ -

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	\$ -	\$ -	\$ -

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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

Interest Rate Risk: (Continued)

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.

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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

6. SECURITY LENDING TRANSACTIONS: (Continued)

The Plan has the following securities on loan:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
	Market	Market
	(Carrying Value)	(Carrying Value)
U. S. Government Securities	\$ 38,363,700	\$ 69,609,103
U. S. Government Agency Securities	5,480,892	3,948,514
Government Securities – Foreign	271,244	--
Corporate bonds	53,575,997	51,407,847
Marketable Securities – domestic	121,134,178	113,740,517
Marketable Securities – foreign	<u>24,662,716</u>	<u>9,754,821</u>
	<u>\$ 243,488,727</u>	<u>\$ 248,460,802</u>

Securities on loan at June 30, 2006 and 2005 are collateralized by cash collateral in the amount of \$233,913,925 and \$247,573,167, respectively, and noncash collateral in the amount of \$14,046,699 and \$7,057,170, 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, 2006 and 2005. 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, 2006 and 2005, the Plan had ten and nineteen outstanding S&P future contracts, respectively. The notional value of the open contracts at June 30, 2006 and 2005 was \$3,153,988 and \$5,700,988, respectively. The fair value of the open contracts at June 30, 2006 and 2005 was \$3,198,500 and \$5,678,625, 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, 2006 and 2005, the Plan realized net losses of \$(286,923) and \$(152,903), respectively, on futures trading. The net losses and gains are recorded on the financial statements in net appreciation in fair value income.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer to Investment</u>	<u>Ending Balance</u>
Building	\$ 3,675,776	\$ --	\$ --	\$ (42,858)	\$ 3,632,918
Land	1,010,225	--	--	--	1,010,225
Furniture and equipment	1,007,789	32,974	--	--	1,040,763
Accumulated depreciation	<u>(1,768,440)</u>	<u>(133,430)</u>	<u>--</u>	<u>--</u>	<u>(1,901,870)</u>
	<u>\$ 3,925,350</u>	<u>\$ (100,456)</u>	<u>\$ --</u>	<u>\$ (42,858)</u>	<u>\$ 3,782,036</u>

Depreciation expense for the years ended June 30, 2006 and 2005 was \$133,430 and \$140,379, 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.

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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 4 years and in the aggregate are:

<u>JUNE 30</u>	
2007	\$ 283,193
2008	283,193
2009	283,193
2010	<u>94,398</u>
	<u>\$ 943,977</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, 2001 THROUGH 2006

<u>Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Surplus) Underfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
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
2006	1,480,748	1,872,594	391,846	79.1	239,321	163.7

* 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, 2001 THROUGH 2006

Year Ended <u>June 30</u>	Actuarially Required <u>Contribution</u>	Percentage <u>Contributed</u>
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
2006	49,942,339	87.0

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 year 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, 2006, 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, 2001 THROUGH 2006

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, 2006 follows:

Valuation date	June 30, 2006
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	23 years
Asset valuation method	The Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average in the unrealized gain or loss in the value of all assets.
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	The rate of annual salary growth is based on the members' years of service.
Cost of living adjustments	The liability for cost of living raises already granted is included in the retiree reserve. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of benefit increases.
Change in methodology	During the 2005-2006 fiscal year, the method used to determine the minimum disability benefit exposure for active members was changed. It was determined that the prior method overstated the liability resulting in an \$8,448,147 reduction to the unfunded liability and a 0.25% of payroll reduction in the active members Normal Cost.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Pension Reserve</u>	<u>Survivor Benefit</u>	<u>Annuity Savings</u>	<u>DROP</u>
BALANCES, JULY 1, 2005	\$ <u>959,145,929</u>	\$ <u>103,311,265</u>	\$ <u>141,416,611</u>	\$ <u>58,574,777</u>
REVENUES AND TRANSFERS:				
Contributions:				
Members	-	-	17,716,761	-
Employers	-	-	-	-
Investment income and other sources	-	-	-	-
Transfers from Annuity Savings	16,401,167	-	-	-
Pensions transferred from Pension Reserve	-	-	-	16,619,736
Transfers from other systems	-	-	-	-
Operating transfers	-	-	-	-
Transfer from Pension Accumulation	-	-	-	-
Actuarial transfers	<u>186,375,560</u>	<u>7,730,932</u>	<u>-</u>	<u>-</u>
Total revenues	<u>202,776,727</u>	<u>7,730,932</u>	<u>17,716,761</u>	<u>16,619,736</u>
EXPENDITURES AND TRANSFERS:				
Retirement allowances paid	103,999,096	2,435,285	-	12,716,871
Refunds to members	-	-	7,070,499	-
Transfers to Pension Reserve	-	-	16,401,167	-
Pensions transferred to Survivor Benefit	-	-	-	-
Pensions transferred to DROP	16,619,736	-	-	-
Pensions transferred to IBRP	1,082,626	-	-	-
Employer contribution refund	-	-	-	-
Transfers to other systems	-	-	12,528	-
Depreciation	-	-	-	-
Administrative expenses	-	-	-	-
Operating transfers	-	-	-	-
Actuarial transfer	-	-	-	-
Total expenditures	<u>121,701,458</u>	<u>2,435,285</u>	<u>23,484,194</u>	<u>12,716,871</u>
NET INCREASE (DECREASE)	<u>81,075,269</u>	<u>5,295,647</u>	<u>(5,767,433)</u>	<u>3,902,865</u>
BALANCES - JUNE 30, 2006	\$ <u><u>1,040,221,198</u></u>	\$ <u><u>108,606,912</u></u>	\$ <u><u>135,649,178</u></u>	\$ <u><u>62,477,642</u></u>

<u>IBRP</u>	<u>Pension Accumulation</u>	<u>Administrative Fund</u>	<u>Surplus (Unfunded) Actuarial Liability</u>	<u>Total</u>
\$ <u>597,489</u>	\$ <u>626,398,551</u>	\$ <u>-</u>	\$ <u>(399,045,300)</u>	\$ <u>1,490,399,322</u>
-	-	-	-	17,716,761
-	43,458,220	-	-	43,458,220
-	84,039,860	-	-	84,039,860
-	-	-	-	16,401,167
1,082,626	-	-	-	17,702,362
-	-	-	-	-
-	-	3,276,641	-	3,276,641
-	-	-	-	-
-	-	-	30,846,706	224,953,198
<u>1,082,626</u>	<u>127,498,080</u>	<u>3,276,641</u>	<u>30,846,706</u>	<u>407,548,209</u>
808,425	-	-	-	119,959,677
-	-	-	-	7,070,499
-	-	-	-	16,401,167
-	-	-	-	-
-	-	-	-	16,619,736
-	-	-	-	1,082,626
-	-	-	-	-
-	765,717	-	-	778,245
-	133,430	-	-	133,430
-	-	3,276,641	-	3,276,641
-	3,276,641	-	-	3,276,641
-	224,953,198	-	-	224,953,198
<u>808,425</u>	<u>229,128,986</u>	<u>3,276,641</u>	<u>-</u>	<u>393,551,860</u>
<u>274,201</u>	<u>(101,630,906)</u>	<u>-</u>	<u>30,846,706</u>	<u>13,996,349</u>
\$ <u><u>871,690</u></u>	\$ <u><u>524,767,645</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(368,198,594)</u></u>	\$ <u><u>1,504,395,671</u></u>

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

	<u>Pension Reserve</u>	<u>Survivor Benefit</u>	<u>Annuity 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>	<u>-</u>	<u>-</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
 SCHEDULE OF PER DIEM AND TRAVEL PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

<u>TRUSTEE</u>	NUMBER OF <u>MEETINGS</u>	<u>JUNE 30, 2006</u>		<u>TOTAL</u>
		<u>AMOUNTS</u>		
		<u>MEETINGS</u>	<u>TRAVEL</u>	
Jeffrey Faulk	17	\$ 1,275	\$ 698	\$ 1,973
Betty Crain	17	1,275	1,371	2,646
Betty Jacobs	15	1,125	-	1,125
Sylvia Myers	2	150	290	440
Judith McKee	17	1,275	1,844	3,119
Larry Wilmer	16	1,200	1,360	2,560
Earl Richard	17	<u>1,275</u>	<u>1,227</u>	<u>2,502</u>
 TOTALS		 <u>\$ 7,575</u>	 <u>\$ 6,790</u>	 <u>\$ 14,365</u>

<u>TRUSTEE</u>	NUMBER OF <u>MEETINGS</u>	<u>JUNE 30, 2005</u>		<u>TOTAL</u>
		<u>AMOUNTS</u>		
		<u>MEETINGS</u>	<u>TRAVEL</u>	
Jeffrey Faulk	15	\$ 1,125	\$ 800	\$ 1,925
Betty Crain	15	1,275	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>1,275</u>	<u>1,131</u>	<u>2,256</u>
 TOTALS		 <u>\$ 7,650</u>	 <u>\$ 7,494</u>	 <u>\$ 15,144</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, 2006

<u>U.S. Government Obligations</u>	<u>Interest</u> <u>Rate</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Fair Value</u>
Freddie Mac	5.125 %	4/18/2011	\$ 6,230,000	\$ 6,132,743
U S Treasury Bond	7.250	8/15/2022	4,960,000	5,984,161
U S Treasury Note	5.375	2/15/2031	3,100,000	3,153,525
U S Treasury Bond	4.500	2/15/2036	3,625,000	3,250,324
U S Treasury Note	3.000	2/15/2008	3,985,000	3,850,351
U S Treasury Note	3.375	11/15/2008	2,665,000	2,560,274
U S Treasury Note	4.250	8/15/2015	285,000	266,664
U S Treasury Note	4.875	4/30/2011	8,585,000	8,497,476
U S Treasury Note	5.125	5/15/2016	3,330,000	3,326,097
U S Treasury Note	4.875	5/31/2008	20,020,000	19,908,168
U S Treasury Note	4.875	5/31/2011	<u>18,090,000</u>	<u>17,906,278</u>
 TOTAL U.S. GOVERNMENT OBLIGATIONS			 <u>\$ 74,875,000</u>	 <u>\$ 74,836,061</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2006

	Interest Rate	Due Date	Par Value	Cost	Fair Value
CORPORATE BONDS:					
AOL Time Warner Inc	7.625 %	4/15/2031	\$ 700,000	\$ 806,545	\$ 753,708
AT&T Wireless Group	8.125	5/1/2012	400,000	470,456	440,174
Abbot Labs	5.875	5/15/2016	500,000	496,895	495,717
Ace Ina Holdings / 000B14Vkk5	6.700	5/15/2036	775,000	770,257	743,177
Alcan Inc	6.125	12/15/2033	500,000	534,960	473,066
Alcoa Inc	6.500	6/1/2011	800,000	895,994	823,888
Allstate Corp	6.125	2/15/2012	4,000,000	4,159,240	4,065,876
Altria Group Inc	7.000	11/4/2013	2,000,000	2,206,680	2,110,000
Altria Group Inc	5.625	11/4/2008	2,000,000	2,122,780	1,993,376
Amerada Hess Corp	6.650	8/15/2011	2,000,000	2,186,560	2,055,536
American General Finance	3.875	10/1/2009	500,000	496,040	472,867
Assured Guaranty Us Hldg	7.000	6/1/2034	580,000	681,645	597,319
Bank Of America Corp	4.875	1/15/2013	5,000,000	5,024,100	4,758,015
Bank Of America Corp	4.375	12/1/2010	750,000	745,500	712,598
Bard C R Inc	6.700	12/1/2026	4,500,000	4,537,260	4,666,995
Bellsouth Telecommunication	6.375	6/1/2028	500,000	546,460	468,440
Boeing Capital Corp	6.100	3/1/2011	2,500,000	2,609,550	2,539,450
Boeing Co	7.950	8/15/2024	3,300,000	3,300,000	3,993,228
Burlington North Santa Fe	6.125	3/15/2009	3,000,000	3,276,900	3,032,520
Cit Group Inc	4.750	12/15/2010	5,000,000	5,036,100	4,796,860
Carolina Power & Light	5.125	9/15/2013	3,000,000	3,046,650	2,861,853
Carramerica Realty Corp	3.625	4/1/2009	725,000	688,714	725,814
Chesapeake Energy Corp	7.500	9/15/2013	2,000,000	2,188,750	2,005,000
Coca-Cola Enterprises	6.950	11/15/2026	750,000	934,350	804,513
Comcast Cable Communication	8.875	5/1/2017	1,350,000	1,758,125	1,572,186
Conagra Inc	6.750	9/15/2011	4,000,000	4,588,800	4,123,072
Conocophillips	4.750	10/15/2012	3,000,000	3,081,000	2,853,300
Cox Communications	7.750	11/1/2010	2,000,000	2,377,860	2,117,964
Daimlerchrysler / 0002711902	8.500	1/18/2031	575,000	672,767	651,059
Dean Foods Co / 000B153Y19	7.000	6/1/2016	600,000	597,624	580,500
Deere & Co	6.950	4/25/2014	5,000,000	5,617,400	5,325,105
Denbury Resource	7.500	4/1/2013	2,000,000	2,121,475	2,000,000
Dime Capital Trust 1	9.330	5/6/2027	1,085,000	1,282,904	1,161,189
Dominion Resources Inc / 000B0Bsgx7	5.950	6/15/2035	430,000	392,870	385,528
Dow Chemical	6.000	10/1/2012	5,000,000	5,220,550	5,036,855
Duke Realty Lp	3.350	1/15/2008	600,000	592,320	579,337
Energy Transfer Partners / 000B0Lfp5	5.950	2/1/2015	965,000	934,660	929,266
Enterprise Products Oper	4.950	6/1/2010	1,420,000	1,382,143	1,361,033
Fedex Corp	7.250	2/15/2011	3,000,000	3,394,990	3,162,321
Firstenergy Corp	6.450	11/15/2011	1,780,000	1,853,763	1,811,189
Ford Motor Credit Co	5.625	10/1/2008	1,000,000	999,930	925,060
GSC Holdings Corp / 000B1809W3	8.865	10/1/2011	500,000	500,000	513,750
GATX Financial Corp	6.000	11/19/2008	1,165,000	1,227,619	1,163,008
GATX Financial Corp	5.125	4/15/2010	1,020,000	1,018,980	987,319
General Electric Capital Corp	6.000	6/15/2012	4,000,000	4,034,720	4,045,948
Goldman Sachs Group Inc	7.350	10/1/2009	1,000,000	1,221,330	1,047,812
Goldman Sachs Group Inc / 000B12V461	6.450	5/1/2036	1,695,000	1,621,827	1,623,844
Gulfmark Offshore Inc	7.750	7/15/2014	520,000	546,000	507,000

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2006

	Interest Rate	Due Date	Par Value	Cost	Fair Value
CORPORATE BONDS: (Continued)					
HSBC Finance Corp	5.700	6/1/2011	700,000	699,307	695,440
Halliburton Company	8.750	2/15/2021	615,000	812,730	754,107
Halliburton Company	5.500	10/15/2010	4,000,000	4,086,980	3,962,184
Harrah Operating Co Inc	5.500	7/1/2010	1,785,000	1,779,092	1,741,442
Household Finance Corp	4.750	5/15/2009	5,000,000	5,009,950	4,882,100
Intelsat Sub Hld Co Ltd	9.614	1/15/2012	475,000	484,500	479,750
IBM Corp	4.750	11/29/2012	4,000,000	4,037,500	3,790,572
JPM Capital Trust I	7.540	1/15/2027	1,225,000	1,343,262	1,273,069
Kerr-Mcgee Corp	6.875	9/15/2011	2,000,000	2,274,040	2,066,954
Kinder Morgan / 000B06Hvj0	5.800	3/15/2035	255,000	226,932	217,604
Kraft Foods Inc	6.250	6/1/2012	3,000,000	3,235,020	3,035,007
Marathon Oil Corp	6.125	3/15/2012	5,000,000	4,839,950	5,045,295
Marsh & McLennan Cos Inc	4.850	2/15/2013	5,000,000	5,077,170	4,586,660
May Department Stores / 000B05Hjq4	6.700	7/15/2034	750,000	746,895	732,396
Meritage Homes Corp	6.250	3/15/2015	350,000	351,750	294,875
Metlife Inc	5.000	6/15/2015	700,000	651,504	647,541
Morgan Stanley	3.875	1/15/2009	600,000	598,242	575,652
National City Bank	4.500	3/15/2010	1,000,000	1,000,000	958,975
New Jersey Bell Telephone	7.850	11/15/2029	1,000,000	1,319,960	1,038,275
New America Inc / 000B07G550	6.200	12/15/2034	780,000	722,475	707,843
Odyssey Re Holdings	7.650	11/1/2013	785,000	888,337	754,236
Peabody Energy Corp	6.875	3/15/2013	2,000,000	2,138,750	1,965,000
Phillips Van-Heusen	7.750	11/15/2023	340,000	343,825	339,150
Progressive Corp	7.000	10/1/2013	2,200,000	2,616,856	2,326,412
Residential Capital Corp	6.489	11/21/2008	1,605,000	1,604,179	1,611,404
Southern Peru / 000B0W5M84	7.500	7/27/2035	340,000	336,212	324,608
Southwestern Public Service	5.125	11/1/2006	800,000	834,136	798,214
Sprint Capital Corporation	6.875	11/15/2028	750,000	782,004	755,555
Sprint Capital Corporation	8.750	3/15/2032	680,000	935,320	820,013
Stingray Pass-Th	5.902	1/12/2015	800,000	799,152	749,112
Suntrust Banks Inc	4.250	10/15/2009	1,000,000	995,780	956,498
Target Corp	4.000	6/15/2013	5,000,000	4,748,900	4,526,365
Telecom Italia Capital	4.950	9/30/2014	1,520,000	1,435,670	1,360,791
Telecom Italia Capital	4.480	2/1/2011	510,000	510,000	512,707
Teva Pharm Finance Llc	6.150	2/1/2036	1,130,000	1,129,842	1,014,648
Tyco Intl Group	6.125	1/15/2009	3,000,000	3,191,500	3,020,190
UBS Pfd Funding / 000B14Yxb6	6.243	5/29/2049	1,630,000	1,630,000	1,605,832
Ultrapetrol (Bahamas) Ltd	9.000	11/24/2014	740,000	743,238	667,850
Unitedhealth Group	5.375	3/15/2016	650,000	618,833	614,912
Vale Overseas Limited / 0002317935	8.250	1/17/2034	915,000	1,020,225	987,056
Valero Energy Corp	7.500	4/15/2032	4,000,000	4,399,080	4,342,828
Virginia Electric Power	6.000	1/15/2036	500,000	498,960	457,061
Wachovia Bank Na	4.850	7/30/2007	3,000,000	3,209,670	2,974,305
Washington Mutual Inc	5.000	3/22/2012	1,000,000	995,160	950,636
Weyerhaeuser Company	7.500	3/1/2013	5,000,000	5,524,890	5,253,975
Weyerhaeuser Company	7.375	3/15/2032	500,000	584,075	506,210
Williams Companies Inc	7.125	9/1/2011	2,000,000	2,132,250	2,000,000
TOTAL CORPORATE BONDS			<u>170,115,000</u>	<u>178,746,146</u>	<u>170,534,944</u>

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 2006

	Interest Rate	Due Date	Par Value	Cost	Fair Value
OTHER NON-UNITED STATES FIXED INCOME:					
United Mexican States	5.625	1/15/2017	890,000	835,710	827,700
Shinhan Bank	5.663	3/2/2035	760,000	750,629	691,676
TOTAL OTHER NON-UNITED STATES FIXED INCOME			<u>1,650,000</u>	<u>1,586,339</u>	<u>1,519,376</u>
FOREIGN GOVERNMENT BONDS:					
United Kingdom Tsy 4 2016	4.000	9/7/2016	500,000	854,304	872,852
PRIVATE PLACEMENT/144-A:					
American International Group	5.050	10/1/2015	1,100,000	1,096,326	1,026,196
CNOOC Finance 2003 Ltd	5.500	5/21/2033	335,000	326,267	287,062
Cadbury Schwepps	5.125	10/1/2013	545,000	555,077	511,951
Chinatrust Comm Bank	5.625	3/17/2015	985,000	988,773	900,379
Chukchandsi Eco Dev	8.780	11/15/2012	450,000	462,375	459,000
Goodrich (Bf) Co / 000B17N3G5	6.290	7/1/2016	545,000	542,787	541,779
Icici Bank Ltd Singapore	5.750	11/16/2010	1,405,000	1,398,987	1,360,759
Kazkommerts Intl / 048666Qaa4	8.000	11/3/2015	300,000	294,960	291,000
Knowledge Learning Ctr	7.750	2/1/2015	750,000	737,006	686,250
Pemex Proj Fdg Master	5.750	12/15/2015	580,000	573,556	534,180
Ras Laffan Lng Li	5.298	9/30/2020	4,140,000	4,140,000	3,857,652
Twin Reefs Pass-Through	3.420	12/10/2049	1,300,000	1,300,000	1,299,966
Viacom Inc / 000B12Jk90	6.250	4/30/2016	580,000	573,550	563,034
TOTAL PRIVATE PLACEMENT/144-A			<u>13,015,000</u>	<u>12,989,664</u>	<u>12,319,208</u>
YANKEE BONDS:					
Montprier Re Holdings / 0002393258	6.125	8/15/2013	2,030,000	1,945,862	1,883,942
Nexen Inc / 000B06Hbh8	5.875	3/10/2035	575,000	520,260	507,623
Royal Caribbean Cruises	7.500	10/15/2027	620,000	697,500	594,599
TOTAL YANKEE BONDS			<u>3,225,000</u>	<u>3,163,622</u>	<u>2,986,164</u>
COLLATERALIZED MORTGAGE OBLIGATIONS:					
American Home Mortgage Investment	5.408	9/25/2035	545,000	520,177	507,090
Banc Of America Mortgage Securities	4.805	5/25/2035	840,000	835,488	803,570
Banc Of Amer Mortgage Sec	4.729	6/25/2035	1,050,000	1,047,785	1,003,765
Countrywide Alternative Loan Trust	5.500	1/25/2036	9,260,861	9,272,437	9,144,545
Citigroup Nortgage Loan Trust, Inc.	7.000	9/25/2033	1,955,207	2,034,022	1,984,816
Citigroup Mortgage Loan Trust Inc	6.500	10/25/2033	1,922,072	1,979,133	1,917,267
Citigroup Mortgage Loan Trust, Inc	6.500	4/25/2035	1,823,542	1,867,991	1,836,763
Citigroup Commercial Mortgage Trust	5.721	3/15/2049	1,045,000	1,036,329	1,036,069
Deutsche Alt-A Securities Inc Mortgage	5.250	6/25/2035	1,170,000	1,158,759	1,142,324
FHLMC - FHR 2356 GD	6.000	9/15/2016	752,587	781,279	756,731
FNMA - FNR G92-53 J	7.000	9/25/2022	335,919	320,672	345,479
FNMA - FNR 2002-12 PG	6.000	3/25/2017	1,082,568	1,095,086	1,087,610
FNMA - FNW 2003-W2 2A9	5.900	7/25/2042	928,520	926,452	921,546
FNMA - FNW 2003-W19 1A5	5.500	11/25/2033	2,196,726	2,291,803	2,178,684

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COLLATERALIZED MORTGAGE OBLIGATIONS:					
(Continued)					
FNMA - FNR 2004-26 PA	4.500	9/25/2025	853,794	857,963	832,463
FNMA - FNR 2004-35 AJ	4.500	1/25/2020	3,894,166	3,948,319	3,831,260
FNMA - FNR 2004-33 MW	4.500	1/25/2030	1,025,000	981,277	948,923
FNMA - FNW 2004-W10 A24	5.000	8/25/2034	530,000	517,143	516,532
FNMA - FNR 2005-19 PA	5.500	7/25/2034	781,541	780,076	770,476
FNMA - FNR 2005-20 QE	5.000	10/25/2030	1,055,000	1,001,920	1,006,105
FHLMC - FHR 2695 BG	4.500	4/15/2032	1,065,000	1,000,518	975,534
FHLMC - FHR 2773 EB	4.500	8/15/2013	1,025,000	1,045,660	1,005,238
FHLMC - FHR 2859 PD	5.500	4/15/2030	840,000	864,281	820,827
FNMA - FNR 2006-63 QG	5.500	12/25/2034	1,045,000	993,526	993,287
FHLMC - FHR 2966 NC	5.000	4/15/2031	1,070,000	1,039,070	1,019,838
FHLMC - FHR 3015 EM	5.000	10/15/2033	695,000	661,770	643,269
FHLMC - FHR 3079 MD	5.000	3/15/2034	855,000	824,240	791,001
FHLMC - FHR 3072 NK	5.000	5/15/2031	799,334	775,042	778,375
FHLMC - FHR 3082 PJ	5.000	9/15/2034	1,170,000	1,111,866	1,081,203
FHLMC - FHR 3098 PE	5.000	6/15/2034	1,065,000	1,015,910	984,225
FHLMC - FHR 3096 LD	5.000	1/15/2034	1,175,000	1,115,286	1,085,722
FHLMC - FHR 3102 PJ	5.000	5/15/2034	850,000	821,578	785,503
FHLMC - FHR 3137 DA	5.000	2/15/2020	1,024,657	992,756	1,001,220
FHLMC - FHR 3153 JD	5.500	6/15/2033	950,000	894,299	905,517
GS Mortgage Securities Corporation Ii	2.904	1/10/2040	685,111	678,558	666,275
LB-UBS Commercial Mortgage Trust	4.394	3/15/2032	1,010,000	989,150	933,101
Mastr Alternative Nim	7.500	12/25/2035	557,169	553,686	565,203
Mastr Alternative Nim	6.750	12/26/2035	609,408	602,457	609,171
Morgan Stanley Dean Witter Capital I	5.980	1/15/2039	3,180,000	3,195,585	3,201,087
Morgan Stanley Mortgage Loan Trust	5.500	2/25/2036	535,000	533,412	521,049
Residential Accredit Loans Inc	6.250	3/25/2014	504,690	474,408	502,526
Salomon Brothers Mortgage Securities	6.520	12/25/2030	132,123	135,426	131,636
Structured Asset Investment Loan Trust	4.840	10/25/2033	992,000	1,016,800	1,005,323
Wells Fargo Mortgage Backed	3.542	9/25/2034	1,005,000	961,031	955,891
Wells Fargo Mortgage Backed Sec	5.623	5/25/2036	735,000	728,684	731,391
			<u>56,621,995</u>	<u>56,279,110</u>	<u>55,265,430</u>
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS					
FEDERAL HOME LOAN MORTGAGE CORPORATION:					
FHLMC G01740	5.500	12/1/2034	7,005,097	7,035,744	6,746,090
FHLMC G01781	6.500	12/1/2034	2,447,869	2,510,596	2,467,991
FHLMC GOLD G01433	6.500	7/1/2032	2,232,729	2,334,598	2,253,717
FHLMC GOLD C78238	5.500	4/1/2033	6,010,277	6,220,637	5,798,283
FHLMC GOLD D88187	7.000	4/15/2028	373,333	377,708	382,835
FHLMC GOLD D88413	7.000	4/15/2028	60,220	60,925	61,732
FHLMC GOLD E73765	6.000	12/15/2013	513,840	515,928	514,241
FHLMC GOLD W10004	6.900	12/1/2010	1,215,000	1,373,567	1,262,725
FHLMC GOLD A40536	5.000	12/1/2035	884,332	844,952	826,521
FHLMC GOLD A40686	5.000	12/1/2035	150,329	143,635	140,502
FHLMC A41332	6.500	1/1/2036	1,313,703	1,344,082	1,321,677
FHLMC A41366	6.500	1/1/2036	1,755,274	1,806,835	1,765,929

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FEDERAL HOME LOAN MORTGAGE CORPORATION:					
(Continued)					
FHLMC GOLD A45496	5.500	6/1/2035	2,743,839	2,785,425	2,637,159
FHLMC G01829	6.000	3/1/2035	881,745	902,962	869,912
FHLMC G02090	6.500	2/1/2036	2,085,151	2,129,135	2,098,267
FHLMC G02196	6.500	5/1/2036	1,959,162	1,984,876	1,970,859
FHLMC GOLD G08003	6.000	7/1/2034	2,508,163	2,590,854	2,474,503
FGLMC GOLD G08006	6.000	8/1/2034	1,479,722	1,531,975	1,459,866
FHLMC GOLD G08070	6.500	7/1/2035	1,398,491	1,441,320	1,406,986
FHLMC GOLD G08079	5.000	9/1/2035	1,093,609	1,045,892	1,022,116
FHLMC 1Q0020	5.344	12/1/2035	678,886	679,045	660,990
FHLMC GOLD C00844	7.000	8/15/2029	202,476	204,754	207,392
FHLMC GOLD C00690	6.000	12/1/2028	786,184	787,658	777,759
FHLMC GOLD C01798	6.000	3/1/2034	1,137,679	1,187,275	1,122,412
FHLMC GOLD CO1410	6.000	10/1/2032	2,023,307	2,076,102	1,999,593
FHLMC C01598	5.000	8/1/2033	7,137,826	7,063,102	6,698,136
FHLMC GOLD C01583	6.000	6/1/2033	1,916,607	1,984,886	1,892,822
FHLMC C01585	5.000	7/1/2033	7,596,315	7,516,792	7,128,398
FHLMC GOLD C01848	6.000	6/1/2034	3,480,608	3,574,319	3,433,899
FHLMC GOLD C20133	7.000	1/15/2029	63,125	63,865	64,710
FHLMC B13067	4.500	3/1/2019	148,925	147,517	140,776
FHLMC B16444	5.500	9/1/2019	1,693,633	1,720,361	1,662,792
FHLMC A34083	6.000	2/1/2035	1,766,518	1,815,373	1,742,811
FHLMC G11897	4.500	10/1/2020	1,032,917	986,436	975,189
FHLMC G11880	5.000	12/1/2020	896,261	858,030	862,907
			<u>68,673,152</u>	<u>69,647,161</u>	<u>66,852,497</u>
TOTAL FEDERAL HOME LOAN MORTGAGE CORPORATION					
FEDERAL NATIONAL MORTGAGE ASSOCIATION:					
FNMA 250200	9.000	1/1/2025	12,786	12,868	13,880
FNMA 251901	6.500	8/1/2013	186,650	187,933	189,214
FNMA 254478	6.000	10/1/2032	1,002,480	1,034,591	990,400
FNMA 255311	6.000	7/1/2034	3,187,252	3,272,909	3,143,363
FNMA 299371	9.000	12/1/2024	17,560	17,672	19,062
FNMA 303890	7.000	5/1/2026	319,378	313,190	327,519
FNMA 303945	7.000	12/1/2010	185,009	183,737	186,753
FNMA 313595	7.185	5/1/2007	293,654	328,582	293,616
FNMA 380715	6.265	10/1/2008	1,122,526	1,178,301	1,128,124
FNMA 383159	6.250	2/1/2011	2,500,000	2,913,184	2,559,855
FNMA 383632	6.305	5/1/2011	1,182,571	1,367,487	1,204,424
FNMA 384781	5.950	3/1/2012	1,250,551	1,415,077	1,259,330
FNMA 408933	6.500	7/1/2013	71,754	72,247	72,740
FNMA 433213	6.500	7/1/2013	62,351	62,779	63,207
FNMA 434075	6.500	7/1/2013	121,193	122,026	122,857
FNMA 449149	6.000	12/1/2028	403,853	375,962	399,463
FNMA 481539	6.000	1/1/2029	297,553	277,004	294,319

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FEDERAL NATIONAL MORTGAGE ASSOCIATION:					
(Continued)					
FNMA 535126	6.000	12/1/2028	699,004	635,985	691,405
FNMA 535838	6.500	4/1/2031	305,312	311,895	308,194
FNMA 545259	7.500	12/1/2029	661,359	685,850	686,291
FNMA 555148	4.964	1/1/2013	1,411,878	1,371,728	1,361,488
FNMA 555592	5.500	7/1/2033	10,626,272	10,483,482	10,251,165
FNMA 555783	4.500	10/1/2033	3,439,249	3,175,932	3,133,844
FNMA 555872	5.000	11/1/2018	-	-	-
FNMA 596449	6.500	6/1/2031	468,053	478,438	472,322
FNMA 602064	7.000	9/1/2031	310,525	317,123	318,167
FNMA 613152	6.500	11/1/2031	426,630	426,830	430,521
FNMA 628038	6.500	2/1/2032	692,074	702,671	698,185
FNMA 631381	6.500	3/1/2032	543,272	550,657	548,227
FNMA 631382	7.000	3/1/2032	418,384	428,582	428,613
FNMA 660229	6.000	9/1/2032	2,655,194	2,719,292	2,623,199
FNMA 688360	6.000	3/1/2033	1,508,217	1,550,636	1,490,043
FNMA 689634	6.000	2/1/2033	1,332,907	1,384,349	1,316,846
FNMA 704101	5.500	5/1/2033	2,404,469	2,435,276	2,319,591
FNMA 708633	6.000	6/1/2033	1,716,093	1,771,062	1,694,316
FNMA 725372	7.534	12/1/2010	930,700	1,115,770	979,060
FNMA 725690	6.000	8/1/2034	1,305,279	1,338,727	1,287,300
FNMA 735224	5.500	2/1/2035	823,479	834,030	794,410
FNMA 735502	6.000	4/1/2035	3,208,119	3,273,284	3,163,931
FNMA 745592	5.000	1/1/2021	977,826	947,880	943,852
FNMA 790353	5.500	7/1/2034	2,379,098	2,389,878	2,291,190
FNMA 836133	5.375	9/1/2035	886,356	892,692	860,230
FNMA 852435	5.515	2/1/2036	829,055	829,250	819,455
FNMA 891475	6.500	4/1/2036	2,475,581	2,510,007	2,488,801
TOTAL FEDERAL NATIONAL MORTGAGE ASSOCIATION			55,651,506	56,696,855	54,668,772
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION:					
GNMA 574582	6.000	9/15/2034	2,662,352	2,766,353	2,643,931
GNMA 371693	7.000	3/15/2024	305,051	313,297	314,764
GNMA 408175	7.000	12/15/2025	26,716	26,820	27,578
GNMA 408844	7.000	11/15/2025	47,465	47,651	48,997
GNMA 423825	8.000	6/15/2026	60,649	61,180	64,413
GNMA 426366	7.000	1/15/2026	43,407	43,577	44,824
GNMA 426408	7.000	2/15/2026	43,040	43,208	44,445
GNMA 429363	6.500	3/15/2026	342,084	346,253	347,239
GNMA 460758	7.000	2/15/2028	87,723	89,025	90,506
GNMA 462543	7.000	2/15/2028	122,103	123,915	125,976
GNMA 462554	7.000	2/15/2028	64,373	65,329	66,415
GNMA 465526	6.500	5/15/2028	289,965	288,062	294,448
GNMA 486877	6.000	1/15/2029	2,363,932	2,342,509	2,350,789
GNMA 196068	8.000	4/15/2017	31,822	29,974	33,474

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GOVERNMENT NATIONAL MORTGAGE ASSOCIATION:					
(Continued)					
GNMA 201202	9.000	1/15/2017	474	471	481
GNMA 238006	8.000	2/15/2018	56,486	53,272	59,518
GNMA 231923	8.000	7/15/2017	6,897	6,493	7,255
GNMA 293329	9.500	8/15/2020	3,857	3,853	4,223
GNMA 288373	9.000	5/15/2020	4,928	4,912	5,306
GNMA 306559	8.500	1/15/2022	47,843	47,379	51,548
GNMA 319273	8.500	11/15/2021	187,477	185,690	201,720
GNMA 780601	7.000	7/15/2027	101,271	102,774	104,610
GNMA 781288	6.500	5/15/2031	463,043	471,073	469,590
GNMA 80312	3.500	8/20/2029	258,377	264,029	258,135
GNMA 619090	5.500	9/15/2034	1,296,823	1,323,975	1,258,087
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			8,918,158	9,051,074	8,918,272
OTHER ASSET BACKED SECURITIES:					
Asset Backed Funding Certificates	6.770	12/25/2033	685,000	685,000	696,009
Banc Of America Commercial Mortgage	4.811	12/10/2042	1,045,000	997,159	972,149
Banc Of America Commercial Mortgage Inc	5.304	6/10/2039	1,205,000	1,222,322	1,171,836
Bear Stearns Commercial Mtge Securities	4.933	2/13/2042	470,000	472,583	439,508
Bear Stearns Commercial Mtge Securities	5.468	6/11/2041	1,150,000	1,206,377	1,117,784
Bear Stearns Commercial Mortgage Sec	4.715	2/11/2041	5,580,000	5,441,590	5,193,066
Commercial Mortgage Pass-Through	4.982	5/10/2043	1,060,000	1,014,619	994,900
Home Equity Asset Trust	6.430	6/25/2033	115,960	119,438	116,694
CS First Boston Mortgage Securities	3.936	5/15/2038	1,485,000	1,346,361	1,329,516
GMAC Mortgage Secutities	5.301	8/10/2038	945,000	981,951	908,392
GMAC Mortgage Corporation Loan Trust	3.870	5/25/2025	497,622	493,889	493,411
JP Morgan Chase Commercial Mortgage Sec	4.404	1/12/2039	1,160,000	1,062,895	1,053,663
JP Morgan Chase Commercial Mortgage	5.814	6/12/2043	890,000	894,389	883,352
LB-UBS Commercial Mortgage Trust	4.931	9/15/2035	665,000	664,039	631,196
Master Abs Nim Trust	5.191	9/26/2034	34,570	34,555	34,175
Mastr Asset Backed Securities Trust	5.646	10/25/2032	1,000,000	999,941	973,294
Credit-Based Asset Servicing And Sec	4.062	7/25/2035	531,427	527,068	524,948
Merrill Lynch Mortgage Investors	5.520	6/25/2035	484,804	484,804	484,873
Morgan Stanley Capital I	5.270	6/13/2041	9,530,000	9,567,669	9,144,864
Morgan Stanley Capital I	4.850	6/13/2041	5,185,000	5,226,115	4,975,873
Option One Mortgage Loan Trust	7.020	8/25/2032	129,438	130,025	129,549
Structured Asset Investment Loan Trust	8.070	2/25/2034	620,000	626,878	626,972
Lehman Xs Trust	5.110	7/25/2035	570,000	544,818	528,085
TOTAL OTHER ASSET BACKED SECURITIES			35,038,821	34,744,485	33,424,109
PRIVATE MORTGAGE-BACKED SECURITIES:					
Fremont Nim Trust	5.500	4/25/2035	461,961	460,226	459,143
Greenwich Cap Commercial Funding Corp	2.310	7/5/2035	911,231	871,400	874,298
LB-UBS Commercial Mortgage Trust	4.568	1/15/2031	1,155,000	1,117,372	1,065,075
Long Beach Asset Holdings Corporation	4.150	4/25/2035	241,825	241,079	240,268
Wachovia Bank Commercial Mortgage Trust	8.200	3/15/2015	1,500,000	1,502,578	1,497,951
TOTAL PRIVATE MORTGAGE-BACKED SECURITIES			4,270,017	4,192,655	4,136,735

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MORTGAGE TBA'S WITH INTEREST ACCRUAL:					
FHLMC TBA-INT 5% 02R050671	5.000	7/1/2036	735,000	688,948	686,306
FNMA TBA-INT 5% 01F050478	5.000	7/1/2021	6,195,000	6,005,624	5,964,620
FNMA TBA-INT 5.5% 01F052672	5.500	7/1/2036	<u>4,935,000</u>	<u>4,773,966</u>	<u>4,739,140</u>
TOTAL MORTGAGE TBA'S WITH INTEREST ACCRUAL			<u>11,865,000</u>	<u>11,468,538</u>	<u>11,390,066</u>
TOTAL BONDS			<u>\$ 429,543,649</u>	<u>\$ 439,419,953</u>	<u>\$ 422,888,425</u>

STATE OF LOUISIANA
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SCHEDULE OF FIXED INCOME FUNDS
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	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Evergreen Selective High Yield Bond	162,500	\$ 1,625,000	\$ 1,648,920
First Trust/Fidac Mortg Incm	14,000	223,538	224,700
MFS Charter Income Trust	26,000	218,007	213,460
MFS Multimarket Inc Trust	37,300	218,569	216,340
MFS Intermed. Income Trust	71,900	440,879	437,871
MFS Gov't Markets Inc Trust	22,473	142,932	141,130
MFS Putnam Premier Income Trust	36,000	219,913	216,360
Putnam Master Int Income Trust	72,000	434,722	431,280
MFS Westn Asst/Claymore US Treasury	20,000	238,312	222,800
MFS Westn Asset/Claymore US Tips	19,000	224,001	213,370
	<u>481,173</u>	<u>\$ 3,985,873</u>	<u>\$ 3,966,231</u>

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SCHEDULE OF REAL ESTATE FUNDS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Principal U.S. Property Fund	<u>1,764,954</u>	\$ <u>45,000,000</u>	\$ <u>48,148,813</u>
	<u>1,764,954</u>	\$ <u>45,000,000</u>	\$ <u>48,148,813</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
ABX Air Inc.	15,200	\$	104,873	\$	91,808
ADC Telecommunications Inc	33,299		946,657		561,421
AFLAC Inc.	13,021		356,376		603,523
AGCO Corp	45,800		895,812		1,205,456
AGL Resources Inc.	16,300		420,381		621,356
AES Corporation	17,039		380,013		314,370
AT&T Inc	104,381		3,237,968		2,911,186
ATMI Inc.	26,944		662,202		663,361
Abbott Labs	72,992		2,896,352		3,183,181
Accuride Corp.	4,200		46,677		52,374
Ace Cash Express Inc.	8,500		168,791		248,795
Adobe Systems Inc	16,162		263,407		490,678
Advanced Medical Optics	14,108		483,279		715,276
Advanced Micro Devices Inc.	12,671		243,530		309,426
Advanta Corp	4,600		99,200		150,834
Aetna Inc	15,308		229,256		611,248
Affiliated Computer Svcs	3,200		169,268		165,152
Affiliated Managers Group	9,589		368,903		833,188
Affirmative Insurance Holdings	6,600		94,175		103,290
Aftermarket Technology Corp.	10,200		137,580		253,470
Agere Systems, Inc.	67,500		976,610		992,250
Agilent Technologies Inc.	51,354		1,832,734		1,620,732
Air Products & Chemical	5,764		239,040		368,435
Akamai Technologies	42,000		1,257,504		1,519,980
Alberto-Culver Co	2,232		50,759		108,743
Alcoa Inc	144,507		4,175,461		4,676,247
Alfa Corporation	21,776		296,872		360,611
Allegheny Energy Inc.	4,088		143,148		151,542
Allegheny Technologies Inc	2,553		99,158		176,770
Allergan Inc	21,388		1,974,662		2,294,077
Allied Waste Industries, Inc.	5,902		87,252		67,047
Allstate Corp	50,019		2,307,339		2,737,540
Alltel Corp	10,796		538,848		689,109
Alpha Natural Resources Inc.	23,900		525,084		468,918
Altera Corporation	9,712		316,349		170,446
Altria Group Inc	122,812		6,677,621		9,018,085

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Amazon.Com Inc.	8,530	400,434	329,940
Ambac Inc	2,695	154,403	218,565
Amcol International Corp.	20,236	290,115	533,219
Ameren Corp	5,089	219,065	256,995
American Axle & Mfg Holdings	28,900	707,156	494,479
American Commercial Lines	28,818	845,120	1,736,285
American Electric Power	10,618	390,937	363,667
American Equity Investment Life Holding	65,600	853,333	699,296
American Express Co	94,396	3,479,518	5,023,755
American Greetings Corporation	31,100	599,163	653,411
American International Group	98,628	5,433,435	5,823,983
Amer Natl Bnkshs/Danville Va	2,545	57,421	58,866
American Power Conversion	4,786	127,662	93,279
American Reprographics Co.	18,600	635,483	674,250
American Standard Companies	5,266	132,181	227,860
Ameron International Corp	4,000	114,056	268,080
Amerus Group Co.	18,500	565,421	1,083,175
Amerisourcebergen Corp.	5,600	179,408	234,752
Ameriprise Financial Inc	6,579	109,630	293,884
Ameris Bancorp	5,604	74,565	129,677
Ametek Inc.	21,307	499,217	1,009,526
Amgen, Inc.	76,545	3,830,663	4,993,030
Amsouth Bancorporation	8,905	218,257	235,537
Amylin Pharmaceuticals, Inc	24,100	1,105,460	1,189,817
Anadarko Petroleum Corporation	12,654	297,559	603,469
Analog Devices	9,666	295,282	310,665
Anchor Bancorp Wisconsin Inc.	10,600	254,471	319,802
Andrew Corp	4,677	83,918	41,438
Anheuser Busch Co Inc	20,362	628,483	928,304
Aon Corp	8,518	269,431	296,597
Apache Corporation	112,985	7,003,374	7,711,226
Apartment Investment And Mana	2,380	86,812	103,411
Apollo Group Inc.	3,748	164,726	193,659
Apollo Investment Corp.	48,006	750,593	887,151
Apple Computer, Inc.	65,346	3,027,161	3,732,564
Apria Healthcare Group Inc.	25,100	732,596	474,390

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Applera Corp. - Applied Biosy	5,300	118,287	171,455
Applied Materials Inc.	165,038	2,805,132	2,686,819
Applix Inc.	500	2,327	3,690
Archer - Daniels - Midland Co.	17,645	318,682	728,386
Archstone-Smith Trust	5,300	206,689	269,611
Arctic Cat Inc.	3,900	75,281	76,089
Argonaut Group Inc.	12,636	269,547	379,585
Arrow Financial Corp.	1,900	49,972	52,117
Arrow International Inc.	15,017	450,231	493,609
Arvinmeritor Inc.	43,300	721,183	744,327
Asbury Automotive Group	20,200	256,826	422,988
Ashland Inc	1,731	60,860	115,458
Aspreva Pharmaceuticals Corp.	20,400	596,964	553,656
Asset Acceptance Capital	16,680	327,749	330,264
Atmos Energy Corp.	24,800	640,899	692,168
Atwood Oceanics Inc.	11,402	345,579	565,539
Autodesk Inc	6,272	71,700	216,133
Automatic Data Processing Inc	15,168	506,334	687,869
Autonation Inc.	4,805	65,008	103,019
Autozone Inc.	25,544	2,414,174	2,252,981
Avaya Inc.	11,647	137,837	133,009
Avery Dennison Corp.	2,802	133,505	162,684
Avocent Corporation	18,300	472,845	480,375
Avon Prods Inc Com	12,212	255,199	378,572
BB&T Corporation	14,146	484,903	588,332
BJ Services Co.	9,218	183,131	343,463
BJ'S Wholesale Club Inc.	17,500	297,129	496,125
BMC Software	5,917	267,932	141,416
Baker Hughes Inc.	27,039	1,392,476	2,213,142
Bakers Footwear Group Inc.	1,100	15,666	15,301
Ball Corporation	2,892	37,046	107,120
Bancfirst Corp.	5,800	163,141	259,550
Bancorpsouth Inc.	18,800	403,522	512,300
Bandag Inc.	4,300	181,049	157,337
Bandag Inc.	4,500	146,205	139,500
Bank Of America Corp	203,209	7,512,301	9,774,353

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Bank Of New York Inc.	20,257	582,099	652,275
Bard C R Inc.	2,640	57,393	193,406
Barr Laboratories Inc.	2,900	193,765	138,301
Basic Energy Services Inc.	16,978	362,657	519,017
Bausch & Lomb Inc	1,350	57,101	66,204
Baxter International	16,855	565,192	619,590
Bear Stearns Cos. Inc.	2,990	186,008	418,839
Beazer Homes Usa Inc.	1,900	16,638	87,153
Beckman Coulter Inc.	15,000	805,382	833,250
Becton Dickinson & Co	6,460	188,520	394,900
Bed Bath & Beyond Inc.	7,589	179,861	251,727
Bell Microproducts Inc.	18,700	128,819	101,354
Bellsouth Corporation	137,274	4,253,397	4,969,319
Bemis Co.Inc.	2,694	58,775	82,490
Berry Petroleum - Cl A	22,546	835,065	747,400
Best Buy Company Inc.	10,959	271,986	600,992
Big 5 Sporting Goods Corp.	13,300	267,588	259,350
Big Lots Inc.	2,961	91,384	50,574
Bioenvision Inc.	94,400	704,459	503,152
Biomet Inc.	6,744	121,624	211,020
Biogen Idec Inc	9,129	458,981	422,947
Black & Decker Corporation	1,968	76,107	166,217
H & R Block	9,086	108,034	216,792
Bluegreen Corp.	11,500	40,466	131,790
Bluelinx Holdings Inc.	9,300	137,138	121,179
Blyth Inc.	21,800	586,676	402,428
Boeing Co.	49,525	2,506,280	4,056,593
Borders Group, Inc.	33,400	634,486	616,564
Boston Properties Inc.	2,400	223,657	216,960
Boston Scientific Corp	127,449	2,778,686	2,146,241
Boyd Gaming Corp.	21,100	1,051,234	851,596
Briggs & Stratton Corporation	26,200	956,234	815,082
Brigham Exploration Co.	13,900	122,135	109,949
Bristol - Myers Squibb Co	52,863	1,341,167	1,367,037
Bristol West Holdings Inc.	15,700	284,765	251,200
Bristow Group Inc	9,200	296,006	331,200
Broadcom Corp.	56,133	2,799,308	1,686,797
Brown-Forman Corp - Cl B	2,556	72,816	182,626

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Brown Shoe Inc.	3,250	43,419	110,760
Brunswick Corporation	2,390	65,797	79,468
Buckle Inc	3,200	67,415	133,984
Bucyrus International Inc.	24,304	457,565	1,227,352
Buffalo Wild Wings Inc.	21,381	761,165	819,106
Building Material Holding Corp	13,400	77,307	373,458
Burlington Northern Santa Fe	45,314	3,122,214	3,591,135
CBS Corp - Class B	20,968	659,693	567,184
Cbrl Group Inc.	10,900	396,072	369,728
C-Cor.Net Corporation	74,628	535,297	576,128
CEC Entertainment Inc.	1,200	38,251	38,544
Cigna Corp	3,556	197,927	350,302
Cit Group Inc.	5,400	216,432	282,366
Cleco Corporation (New)	9,800	212,405	227,850
CMS Energy Corp	5,255	137,777	68,000
CSS Industries, Inc.	5,000	149,811	143,750
CNA Surety Corp	21,600	294,893	373,248
CSX Corporation	5,421	225,960	381,855
CVS Corp	112,486	2,851,006	3,453,320
CA Inc	12,587	348,048	258,663
Cabot Oil & Gas Corp. - Cl A	17,809	832,654	872,641
Cadmus Communications Corp.	4,400	60,794	76,912
Camden National Corp.	3,600	96,586	143,640
Campbell Soup	5,312	202,549	197,128
Cantel Medical Corp.	4,700	66,243	66,928
Capital One Financial Corp.	7,843	419,161	670,184
Capital Title Group Inc.	1,300	5,408	9,581
Cardinal Health Inc.	47,103	2,978,845	3,030,136
Caremark Rx Inc.	59,400	1,744,729	2,962,278
Carnival Corp	11,743	433,111	490,153
Caterpillar Inc.	32,174	1,032,979	2,396,320
Cendant Corporation	116,437	2,040,052	1,896,759
Centerpoint Energy Inc	7,748	153,210	96,850
Centex Corporation	3,258	48,103	163,877
Centurytel Inc	3,630	143,657	134,855
Ceradyne Inc.	28,964	884,262	1,433,428

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Ceres Group Inc.	20,300	72,039	126,266
Charming Shoppes Inc.	9,635	101,946	108,297
Chemical Financial Corp.	11,882	370,822	363,589
Chesapeake Energy Corp.	9,800	310,513	296,450
Chevrontexaco Corp.	150,329	7,481,940	9,329,418
Chicago Bridge & Iron - Ny Shr	32,513	529,345	785,189
Children'S Place	19,798	904,706	1,188,870
Chiquita Brands Intl.	25,800	475,986	355,524
Chromcraft Revington Inc	2,900	44,153	33,901
Chubb Corp	10,190	342,487	508,481
Ciena Corp.	15,749	154,537	75,753
Cincinnati Financial Corp.	4,494	177,192	211,263
Circuit City Stores - Circuit	5,055	54,016	137,597
Cisco Systems, Inc.	307,721	4,964,571	6,009,791
Cintas Corp.	4,024	155,216	159,994
Citigroup Inc.	213,881	7,889,363	10,317,619
Citizens Banking Corp. Mich	11,500	306,571	280,715
Citizens Communications Co.	8,189	111,894	106,866
Citrix Systems Inc.	4,293	164,750	172,321
Clear Channel Communications	14,077	723,884	435,683
Clorox Company	3,897	134,004	237,600
Coach Inc.	9,900	211,962	296,010
Coca-Cola Company Com	97,378	5,040,257	4,189,202
Coca-Cola Enterprises	8,967	261,996	182,658
Cogent Inc.	39,100	961,747	589,237
Cohu Inc.	9,500	193,508	166,725
Coldwater Creek Inc.	46,255	804,080	1,237,784
Kenneth Cole Productions	6,100	161,659	136,213
Colgate-Palmolive	38,547	1,841,923	2,308,965
Columbia Banking System Inc.	6,546	71,551	244,689
Columbia Sportswear Co.	7,200	327,795	325,872
Comcast Corp	57,740	1,877,921	1,890,408
Comerica, Inc.	4,443	202,120	230,992
Commerce Bancorp Inc. Nj	40,800	1,258,483	1,455,336
Commerce Group Inc	31,800	405,640	939,372
Commercial Vehicle Group Inc.	12,800	237,031	264,704

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Commonwealth Telephone Enterprises	11,300	430,041	374,708
Commscope Inc.	30,508	702,177	958,561
Community Bank System Inc.	16,700	338,542	336,839
Community Trust Bancorp Inc.	5,723	99,288	199,904
Compass Bancshares Inc.	2,900	137,149	161,240
Complete Production Services	32,070	806,842	758,135
Computer Sciences Corp	4,749	182,848	230,042
Compuware Corp.	9,589	250,202	64,246
Converse Technology Inc.	5,073	231,273	100,293
Conagra Inc	13,621	312,306	301,160
Conmed Corp.	7,100	166,024	146,970
Conocophillips	138,670	7,352,043	9,087,045
Consol Energy Inc.	2,660	118,265	124,275
Consolidated Edison Inc	6,063	202,475	269,440
Constellation Brands Inc. - A	5,100	152,439	127,500
Constellation Energy Group	4,494	139,793	245,013
Convergys Corp.	36,953	578,141	720,584
Cooper Tire & Rubber	1,866	36,542	20,787
Corning, Inc.	107,007	2,490,795	2,588,499
Corrections Corp. Of America	19,208	618,121	1,016,872
Corus Bankshares Inc	24,400	224,091	638,792
Costco Wholesale Corp	13,069	326,727	746,632
Countrywide Credit Inds., Inc.	16,350	255,064	622,608
Covance, Inc.	6,035	253,474	369,463
Covansys Corporation	11,496	157,084	144,505
Coventry Health Care Inc	4,140	221,977	227,452
Craftmade International Inc.	2,456	49,445	41,138
Cubist Pharmaceuticals Inc.	37,800	566,818	951,804
Cummins Inc.	1,153	62,870	140,954
Cytec Industries Inc	23,369	1,225,869	1,253,981
Cytec Corporation	27,692	641,298	702,269
D. R. Horton, Inc.	7,100	266,286	169,122
DSP Group Inc.	38,413	780,886	954,563
DTE Energy Company	4,360	157,009	177,626
Danaher Corp.	6,552	166,423	421,425
Darden Restaurants Inc.	3,969	42,689	156,379

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Darwin Professional Underwriters	19,319	342,753	341,174
Dataram Corp.	4,000	21,661	18,680
Davita Inc.	21,100	943,698	1,048,670
Dean Foods Co.	38,462	1,494,882	1,430,402
Deere & Co Com	6,472	341,632	540,347
Del Monte Foods Co.	70,500	748,551	791,715
Dell Inc	217,647	5,170,184	5,312,763
Delphi Financial Group	21,750	535,928	790,830
Denbury Resources Inc.	12,742	143,460	403,539
Deluxe Corp	26,700	1,036,102	466,716
Devon Energy Corporation	12,508	330,188	755,608
Diamondcluster Intl. Inc.	110,609	1,130,862	876,023
Dime Community Bancshares	9,300	130,093	126,201
Dillard's Inc	2,150	59,964	68,478
Direct General Corp.	12,400	315,442	209,808
Disney Co	59,525	1,496,589	1,785,750
Dollar General Corporation	8,460	168,261	118,271
Dominion Homes Inc.	1,000	6,848	8,990
Dominion Resources Inc/Va	10,083	526,620	754,108
Donegal Group Inc.	2,133	14,957	41,402
Donegal Group Inc. - CI B	1,066	7,119	17,749
Donnelley R R & Sons Company	5,474	177,217	174,894
Dorman Products Inc	5,000	20,856	58,900
Dover Corp.	57,580	2,698,349	2,846,179
Dow Chemical	26,122	834,958	1,019,542
Dow Jones & Co., Inc.	1,864	81,590	65,259
Downey Financial Corp.	13,200	492,460	895,620
Dupont (Ei) De Nemours & Co.	24,862	1,127,723	1,034,259
Ducommun Inc.	3,200	60,752	59,264
Duke Energy Corp	33,146	846,956	973,498
Duquesne Light Holdings Inc	40,700	568,512	669,108
Dynamics Research Corp.	5,500	84,299	74,690
Dynegy Inc.	9,452	359,858	51,702
EMC Corp/Mass	63,870	859,694	700,654
EMC Ins Group Inc.	1,880	39,438	54,069
EOG Resources Inc	6,312	144,008	437,674

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
E*Trade Group Inc.	10,600	158,850	241,892
Earthlink Inc.	68,000	642,660	588,880
Eastman Chemical Company	1,963	108,011	106,002
Eastman Kodak Co Com	7,266	449,299	172,785
Eaton Corporation	3,784	140,439	285,314
EBay Inc.	31,196	556,744	913,731
Ecolab Inc	5,665	83,419	229,886
Edison International	8,964	199,685	349,596
Edwards Lifesciences Corp	22,500	979,822	1,022,175
El Paso Corporation	18,096	525,059	271,440
Electronic Arts Inc.	125,886	6,166,247	5,418,133
Electronic Data Systems Corp	13,833	542,324	332,822
Elkcorp	10,100	307,930	280,477
Perry Ellis International	5,000	105,119	126,550
Embarq Corp	3,983	184,638	163,263
Emergency Medical Services - A	26,000	331,840	335,400
Emerson Elec Co	44,241	3,432,094	3,707,838
Emulex Corp.	34,700	690,214	564,569
Encore Acquisition Co.	9,950	156,024	266,959
Energen Corp.	2,300	79,706	88,343
Energy Partners Ltd.	1,400	29,658	26,530
Engelhard Corporation	3,194	69,872	124,502
Energysouth Inc.	42	1,017	1,312
Ennis Business Forms	7,800	142,290	153,504
Entergy Corp	5,927	208,758	419,335
Equifax, Inc.	3,576	70,009	122,800
Equity Office Properties Trus	12,314	366,708	449,584
Equity Residential	7,213	207,062	322,637
Essex Corp.	50,864	909,083	936,915
Ethan Allen Interiors Inc.	16,900	568,372	617,695
Exelon Corporation	18,948	502,662	1,076,815
Express Scripts Inc.	4,200	131,694	301,308
Expressjet Holdings Inc.	33,200	393,784	229,412
Exxon Mobil Corporation	163,415	4,123,479	10,025,510
FBL Financial Group Inc.	13,200	297,644	427,680
FMC Corp	2,900	189,172	186,731

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
FNB Corp/North Carolina	2,874	56,688	52,307
FNB Corp.	22,300	390,497	351,671
FPL Group Inc	45,861	1,725,469	1,897,728
FNB Corporation/Va	3,512	92,862	129,944
Family Dollar Stores, Inc.	4,363	123,539	106,588
Featherlite Inc.	6,215	22,043	27,905
Federal Home Loan Mortgage Corporation	18,634	879,079	1,062,324
Federal National Mortgage Association	63,911	3,517,027	3,074,119
Federated Department Stores	14,108	342,163	516,353
Federated Investors Inc.	2,766	76,080	87,129
Fedex Corporation	36,650	3,251,210	4,282,919
Fifth Third Bancorp.	16,216	695,214	599,181
Filenet Corp.	22,138	445,229	596,176
Finlay Enterprises Inc.	4,300	55,747	36,550
The Finish Line - CI A	4,300	54,354	50,869
Commer Banks - Southern Us	5,577	114,897	117,117
First Commonwealth Finl Corp.	9,200	123,483	116,840
First Community Bancshares	5,372	168,142	177,222
First Data Corp.	55,274	2,192,068	2,489,541
First Defiance Finl Corp.	1,400	35,637	36,890
First Financial Corp Indiana	403	12,183	12,094
First Financial Service Corp	1,838	42,504	56,059
First Financial Holdings Inc.	7,300	213,256	233,600
First Horizon National Corp	3,203	124,525	128,761
First M & F Corp.	3,600	59,878	71,125
First Merchants Corp.	3,600	85,647	87,516
First Mutual Bancshares Inc.	1,197	10,769	31,182
First Place Financial/Ohio	6,600	144,297	151,866
First United Corp.	2,900	62,457	59,885
Firstbank Corp./Alma Mich	2,322	55,363	53,615
Fiserv Inc.	4,900	152,136	222,264
Firstfed Financial Corp.	7,800	193,568	449,826
Flagstar Bancorp Inc.	23,400	77,822	373,464
First Energy Corp	8,449	251,141	458,020
Fisher Scientific Intl'	3,000	179,095	219,150
Flexsteel Inds	296	5,747	3,848

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Fluor Corp (New)	2,168	86,898	201,472
Flushing Financial Corp.	9,000	108,687	161,640
Ford Motor Company	50,324	1,241,458	348,745
Forest Laboratories Inc.	9,107	331,158	352,350
Forest Oil Corp.	2,700	78,973	89,532
Formfactor Inc.	20,414	537,665	911,077
Fortune Brands Inc	54,631	4,310,046	3,879,347
Franklin Bank Corp/Houston	6,000	106,719	121,140
Franklin Elec Publishers Inc.	400	1,172	1,156
Franklin Resources Inc	4,329	200,780	375,800
Freeport-Mcmoran Copper-B	5,140	146,797	284,807
Freescale Semiconductor - B	10,843	185,020	318,784
Fremont General Corp.	35,500	164,648	658,880
Frisch's Restaurants Inc.	2,100	28,747	49,833
Furniture Brands Intl. Inc.	26,800	587,592	558,512
GFI Group Inc.	11,500	623,744	620,425
GSI Group Inc.	100,300	1,164,282	861,577
Gannett Co Inc	6,413	380,384	358,679
Gap Inc.	78,920	1,386,424	1,373,208
Gateway Inc	8,220	173,690	15,618
Gehl Company	1,800	41,643	45,954
General Dynamics Corporation	10,412	305,322	681,570
General Electric Co	457,561	12,982,070	15,081,211
General Mills Inc.	74,132	3,590,660	3,829,659
General Motors Corp	15,320	666,414	456,383
Genesco Inc.	10,800	214,297	365,796
Genuine Parts Company	4,409	143,396	183,679
Genworth Financial Inc. - Cl A	10,100	351,480	351,884
Genzyme Corporation	6,973	380,216	425,702
Georgia Gulf Corporation	10,400	293,022	260,208
German American Bancorp	5,500	72,086	71,280
Gibraltar Industries Inc	14,050	245,450	407,450
Gilead Sciences Inc.	12,702	457,844	751,450
Global Imaging Systems Inc.	6,100	37,939	251,808
Gold Kist Inc.	18,400	240,691	246,008
Golden West Financial Corp.	7,242	140,611	537,356

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Goldman Sachs Group Inc.	11,769	922,610	1,770,411
Goodrich (B.F.)Co	2,981	97,615	120,104
Goodyear Tire & Rubber Co.	13,446	282,317	149,251
Google Inc.	14,635	4,445,704	6,136,895
Graftech International Ltd.	31,500	163,548	182,700
W. W. Grainger, Inc.	2,324	105,458	174,835
Great Amern Finl Res Inc.	16,200	261,915	339,066
Great Plains Energy Inc.	24,300	694,824	676,998
Greater Bay Bancorp	4,900	86,191	140,875
Green Mountain Power Corp.	1,700	46,916	57,783
Group 1 Automotive Inc.	10,900	350,531	614,106
Gulfmark Offshore Inc.	6,300	162,109	162,729
H&E Equipment Services Inc.	20,361	445,511	599,631
HCA - The Healthcare Company	10,421	427,611	449,666
Halliburton Co.	13,688	511,613	1,015,786
John Hancock Bank & Trift	262,800	2,520,086	2,475,576
Handleman Co.	10,100	122,726	82,315
Hanover Insurance Group Inc	8,300	257,941	393,918
Harland (John H.) Co.	13,400	337,694	582,900
Harley Davidson Inc.	7,369	286,870	404,484
Harleysville Group Inc.	12,200	275,314	386,984
Harleysville National Corp.	7,100	139,520	150,591
Harman International	1,800	198,000	153,666
Harrah's Entertainment Inc.	4,782	220,338	340,383
Harrington West Financial Group, Inc.	2,280	31,863	36,252
Harris Interactive Inc.	102,272	688,732	582,950
Hartford Financial Svcs Grp.	41,161	3,146,034	3,482,221
Hartmarx Corp.	18,100	127,285	108,600
Hasbro Inc.	4,393	73,964	79,557
Hastings Entertainment Inc.	5,380	35,354	41,964
Health Mgmt Associates Inc.	6,054	119,688	119,324
Headwaters Inc.	2,100	52,447	53,676
H J Heinz Co	9,013	316,597	371,516
Helix Energy Solutions Group	14,376	430,258	580,215
Hercules Inc	14,988	236,858	228,717
Hershey Foods	4,854	146,573	267,310

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Hess Corp	6,843	136,970	361,653
Hewlett - Packard	75,322	1,679,278	2,386,201
Hickory Tech Corp.	8,100	69,359	56,700
Hilton Hotels Corporation	8,957	122,321	253,304
Home Depot Inc.	126,799	4,518,521	4,538,136
Honeywell Int'L	91,884	3,805,264	3,702,925
Hooker Furniture Corp.	4,400	70,024	73,788
Horace Mann Educators	22,300	421,022	377,985
Hornbeck Offshore Services	36,833	1,231,293	1,308,308
Hospira Inc	4,069	102,868	174,723
Houston Exploration Co.	15,100	513,328	923,969
Humana Inc	4,397	95,394	236,119
Human Genome Sciences Inc.	66,800	620,275	714,760
Huntington Bancshares	5,799	126,010	136,740
Huron Consulting Group, Inc.	37,343	882,918	1,310,366
Hutchinson Tech	11,900	310,189	257,397
Hydril Company	9,761	774,723	766,434
I-Flow Corp.	56,600	775,847	612,412
IMS Health Inc	6,365	117,004	170,900
ITLA Capital Corporation	2,600	39,215	136,708
Iberiabank Corp.	3,125	41,144	179,813
ITT Industries Inc.	5,060	116,250	250,470
Ikon Office Solutions Inc.	41,400	317,506	521,640
Illinois Tool Works Inc.	11,802	335,375	560,595
Indymac Bancorp Inc	28,700	718,291	1,315,895
Infinity Property And Casualty	9,800	304,144	401,800
Informatica Corp.	39,301	361,177	517,201
Infospace Inc.	13,400	320,587	303,778
Ingles Markets Inc. - Cl A	6,100	93,726	103,700
Integra Lifesciences Holding	13,600	497,199	527,816
Integrated Device Tech Inc	43,157	487,652	611,966
Intel Corporation	339,996	6,384,449	6,442,924
Integra Bank Corporation	5,800	135,280	126,150
International Bancshares Crp.	12,910	345,669	354,767
International Business Machines	42,343	2,674,537	3,252,789
Intl Flavors & Fragrances	2,380	100,609	83,871

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
International Game Technology Com	9,365	153,383	355,308
International Paper	13,348	627,613	431,140
Interpool Inc	7,700	150,333	171,094
Interpublic Group	10,583	233,916	88,368
Intersections Inc.	10,200	98,520	110,670
Intervoice Inc.	17,700	155,279	126,024
Intervideo, Inc.	8,500	87,656	83,045
Intuit Inc.	4,905	225,554	296,213
Inverness Medical Innovation	23,040	535,171	650,419
Iowa Telecommunications Serv	13,800	248,055	261,096
Itron Inc.	8,193	362,195	485,517
J. Crew Group Inc.	1,180	23,600	32,391
JDS Uniphase Corp.	294,375	3,353,778	744,769
JP Morgan Chase & Co.	191,259	7,111,579	8,032,878
Jabil Circuit Inc.	5,038	148,121	128,973
Jack In The Box Inc.	16,900	436,394	662,480
Jakks Pacific Inc.	12,700	234,692	255,143
Janus Capital Group Inc	6,069	144,644	108,635
Johnson & Johnson	138,272	6,019,008	8,285,258
Johnson Controls	4,924	150,004	404,851
Jones Apparel Group (Jones Of Ny)	3,244	107,923	103,127
Journal Communications Inc.	21,200	282,542	238,288
Journal Register Co.	24,500	410,555	219,520
Juniper Networks Inc.	160,900	3,304,597	2,572,791
Kla-Tencor Corp.	5,427	218,159	225,600
K-Swiss Inc.	7,900	176,770	210,930
Kaydon Corp.	31,231	997,369	1,165,229
KB Home	2,112	28,476	96,835
Kellogg Company	6,811	272,541	329,857
Kennametal, Inc.	18,393	896,060	1,144,964
Kerr-Mcgee Corporation	6,050	176,193	419,568
Key Tronic Corp.	5,900	20,761	23,069
Keycorp	10,724	275,709	382,632
Keyspan Corporation	5,490	198,043	221,796
Kimberly Clark Corporation	12,603	692,154	777,605
Kimco Realty Corp.	5,500	223,245	200,695

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Kinder Morgan Inc.	2,796	133,070	279,292
Kindred Healthcare Inc.	13,500	313,108	351,000
Kinetic Concepts Inc.	25,300	1,297,750	1,116,995
King Pharmaceuticals Inc.	6,106	170,696	103,802
Kohls Corp.	63,794	3,072,288	3,771,501
Kroger Co.	19,537	365,303	427,079
Kulicke & Soffa Industries	8,000	60,176	59,280
LSI Logic Corp.	9,617	139,165	86,072
L-3 Communications Holdgs Inc	3,000	225,453	226,260
Laboratory Crp Of America Hlgs	64,234	3,733,435	3,997,282
Laclede Group Inc. /The	5,700	185,702	195,852
Lakeland Financial Corp.	3,600	59,419	87,444
Landamerica Financial Group	8,600	289,675	555,560
Landry'S Seafood Restaurants	1,200	33,476	38,940
Landstar System Inc.	17,132	462,157	809,144
Estee Lauder Companies - Cl A	3,200	111,735	123,744
Lear Corporation	2,600	44,095	57,746
Lecroy Corp.	5,800	82,430	83,230
Leggett & Platt, Inc.	4,892	104,734	122,202
Legg Mason Inc.	3,566	441,524	354,888
Lehman Brothers Holding Inc	14,140	333,541	921,221
Lennar Corporation	3,600	222,084	159,732
Lennox International Inc	9,800	214,211	259,504
Lenox Group Inc	8,600	176,475	60,974
Levitt Corp. - Cl A	4,400	71,053	70,400
Lexmark Intl Group	3,034	187,690	169,388
Lifepoint Hospitals Inc	5,800	176,084	186,354
Lilly Eli & Co Com	57,097	3,419,388	3,155,751
Limited Brands	9,640	122,477	246,688
Lincoln National Corporation Indiana	7,738	337,529	436,733
Linear Technology Corp.	8,139	378,972	272,575
Lithia Motors Inc.	7,400	121,392	224,368
Liz Claiborne Inc	2,723	69,353	100,914
Lockheed Martin Corp	10,116	493,819	725,722
Loew'S Corp.	12,312	232,107	436,460
Louisiana Pacific Corporation	5,053	96,050	110,661

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Lowes Cos. Inc.	38,859	1,689,763	2,357,576
Lucent Technologies Inc.	116,931	1,185,259	282,973
M & T Bank Corp.	2,400	230,032	283,008
MAF Bancorp Inc.	12,976	427,795	555,892
MBIA, Inc.	3,649	156,420	213,649
MGIC Investment Corp.	2,703	144,813	175,695
Magellan Health Services Inc.	14,700	478,401	666,057
Mainsource Financial Group Inc.	4,299	70,966	74,932
Manor Care Inc	2,283	66,751	107,118
Marathon Oil Corp.	92,279	6,662,502	7,686,841
Marlin Business Services	2,500	55,052	56,400
Marsh & McLennan Cos	13,980	392,294	375,922
Marshall & Ilsley Corp.	5,749	170,733	262,959
Marriott Corporation	8,762	151,511	334,007
Masco Corporation	56,939	1,711,412	1,687,672
Mattel Inc.	10,552	279,993	174,214
Maui Land & Pineapple Co.	1,100	39,229	41,580
Maxim Integrated Products	8,935	457,697	286,903
Maxygen Inc.	55,727	581,654	416,838
Mcclatchy Co - Class A	0	16	16
Mccormick And Co Inc	3,530	90,543	118,432
Mc Donalds Corporation	123,773	3,943,149	4,158,773
Mcgraw Hill Inc.	9,674	202,072	485,925
Mckesson Hboc Inc	8,043	430,786	380,273
Meadowbrook Insurance Group	13,800	68,274	114,816
Meadwestvaco Corp.	4,575	137,979	127,780
Medco Health Solutions Inc	44,459	2,023,056	2,546,612
Medicines Company	49,700	1,034,399	971,635
Medimmune Inc.	6,394	329,837	173,277
Medtronic Inc	32,632	1,152,886	1,531,093
Mellon Financial Corp.	10,944	304,603	376,802
Merchants Bancshares Inc	1,800	26,736	43,470
Merck & Co. Inc.	59,574	2,154,793	2,170,281
Meredith Corp.	1,261	43,801	62,470
Meridian Resource Corp.	26,700	99,217	93,450
Merrill Lynch	90,480	6,011,362	6,293,789

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Mesa Air Group, Inc.	13,700	105,433	134,945
Metlife Inc.	21,081	719,061	1,079,558
Microsoft Corporation	508,212	11,922,017	11,841,340
Micron Technology Inc.	101,137	1,751,190	1,523,123
Microsemi Corp	55,083	917,403	1,342,924
Midland Co.	4,100	141,163	155,718
Millipore Corporation	1,230	48,394	77,478
Mity Enterprises Inc.	1,700	20,698	30,770
Modine Manufacturing Co.	7,100	172,362	165,856
Molex Inc.	4,548	166,992	152,676
Molson Coors Brewing Co.	1,622	97,397	110,101
Monsanto Co	26,531	913,666	2,233,645
Monster Worldwide Inc	3,136	141,715	133,782
Moody'S Corporation	6,822	86,302	371,526
Morgan St Dean Witter	29,078	1,041,332	1,838,020
Morgans Hotel Group Co.	25,000	452,216	389,000
Motorola Inc.	67,635	1,066,825	1,362,845
Murphy Oil Co.	4,300	240,241	240,198
Mylan Laboratories	6,500	157,886	130,000
NBT Bancorp Inc.	17,905	404,266	415,933
NBTY Inc.	1,600	38,026	38,256
NCO Group Inc.	15,245	350,848	403,078
NCR Corporation	4,640	84,658	170,010
NN Inc.	3,934	48,805	48,585
Nymagic Inc.	4,500	113,470	130,725
Nash Finch Co.	8,100	223,692	172,449
National City Corp.	16,014	488,582	579,547
National Home Health Care	1,505	12,777	14,674
National Interstate Corp.	3,100	71,263	84,072
National-Oilwell Inc.	4,500	222,723	284,940
National Semiconductor Corp.	113,356	1,801,595	2,703,541
Natl Western Life Ins	1,200	136,272	287,580
Navistar International	22,331	626,745	549,566
Navigant International Inc.	10,399	136,654	166,696
Nektar Therapeutics	40,700	719,784	746,438
Network Appliance Inc.	10,207	179,851	360,307

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
New Jersey Resources Corp.	8,500	372,646	397,630
New York & Co.	3,300	52,388	32,241
New York Times Co.	3,824	126,703	93,841
Newell Rubbermaid Inc.	6,955	238,855	179,648
Newfield Exploration Company	40,300	1,432,522	1,972,282
Newmont Mining Corporation	12,101	357,837	640,506
News Corp	64,800	1,200,861	1,242,864
Nicor, Inc.	8,317	255,522	345,156
Nike Inc - Cl B	5,096	265,974	412,776
Nisource Inc.	6,660	154,608	145,454
Nordstrom, Inc.	31,690	1,004,583	1,156,685
Norfolk Southern	37,287	1,429,193	1,984,414
North Fork Bancorporation	14,359	399,394	433,211
North Pittsburgh Systems	2,100	43,513	57,876
North Valley Bancorp	2,850	37,943	49,562
Northeast Utilities	4,900	94,046	101,283
Northern Trust Co.	5,591	237,473	309,182
Northrim Bancorp Inc.	1,870	14,154	46,937
Northrop Grumman Corporation	9,978	503,642	639,191
Northwest Pipe Company	3,500	86,230	88,550
Novell Inc.	11,143	71,447	73,878
Novellus Systems, Inc.	4,102	173,470	101,319
Noven Pharmaceuticals Inc.	30,800	514,425	551,320
Nuance Communications Inc.	145,300	982,635	1,461,718
Nucor Corp.	8,332	124,240	452,011
Nvidia Corp.	9,470	195,432	201,616
OSI Restaurant Partners Inc	77,915	3,426,145	2,695,859
Occidental Petroleum Corp.	11,547	400,587	1,184,145
Oceanfirst Financial Corp.	7,800	184,891	173,316
Odyssey Re Holdings Corp.	35,600	840,783	938,060
Office Depot Inc.	86,780	2,683,164	3,297,640
Officemax Inc	2,079	68,022	84,719
Ohio Casualty Corp.	21,500	506,217	639,195
The Oilgear Co.	1,000	10,108	13,230
Olin Corporation	32,000	621,753	573,760

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Omnicom Group, Inc.	4,882	265,089	434,937
Omnivision Technologies	12,615	164,818	266,429
Open Solutions Inc.	14,900	394,030	396,489
Opinion Research Corp.	2,500	17,528	14,900
Oracle Systems Corporation	105,182	914,026	1,524,087
Oregon Steel Mills Inc.	21,500	742,795	1,089,190
Oriental Financial Group	11,800	165,088	150,568
Otter Tail Corp.	1,000	26,115	27,330
Outlook Group Corp.	1,500	15,877	19,995
Pab Bankshares, Inc.	4,500	58,124	83,250
P G & E Corporation	10,279	243,600	403,759
PFF Bancorp Inc.	11,640	100,037	385,982
P.F. Changs China Bistro Inc.	8,021	358,653	304,958
PMC Sierra Inc	5,285	134,448	49,679
PNC Financial Services Group	7,373	353,395	517,363
PPG Industries	4,305	235,643	284,130
PPL Corporation	9,650	148,355	311,695
Paccar, Inc.	5,022	154,051	413,712
Pacific Sunwear Of Calif	16,400	372,101	294,052
Pactiv Corporation	4,045	129,687	100,114
Pall Corp.	3,120	68,356	87,360
Parametric Technology Corp	2,682	104,068	34,088
Park National Corp.	1,100	104,508	108,691
Parker-Hannifin Corp	2,996	111,538	232,490
Parkvale Financial Corp.	2,600	57,996	76,050
Patterson Cos Inc.	3,700	147,797	129,241
Paychex Inc.	9,748	264,278	379,977
Pediatric Medical Group Inc	18,492	532,727	837,688
Penney J C Inc	6,823	270,947	460,621
Pennfed Financial Svcs Inc.	694	4,500	12,943
Penns Wood Bancorp Inc.	1,560	57,655	60,029
Peoples Bancorp Inc.	5,926	147,265	176,832
Peoples Energy Corp	16,906	639,078	607,094
Pepsi Bottling Group Inc.	4,354	99,506	139,981
Pepsico Inc. Capital Stock	92,378	4,035,649	5,546,375
Perkinelmer Inc.	47,199	903,237	986,459

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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Perrigo Co.	33,500	534,996	539,350
Petco Animal Supplies Inc.	14,500	310,994	296,235
Pfizer Inc Com	271,766	7,148,263	6,378,348
Phelps Dodge	5,314	173,843	436,598
Phoenix Companies Inc.	10,500	147,728	147,840
Photronics Inc.	12,700	201,912	187,960
Pinnacle Entertainment Inc.	40,100	927,911	1,229,065
Pinnacle West Capital	2,315	87,053	92,392
Pitney Bowes, Inc.	5,941	208,319	245,363
Plantronics, Inc.	9,800	213,281	217,658
Plum Creek Timber Co. - Reit	4,640	135,783	164,720
Pogo Producing Co.	1,400	56,070	64,540
Polaris Industries Inc.	4,000	193,035	173,200
Polyone Corporation	45,900	310,454	403,002
Portalplayer Inc.	1,600	34,344	15,696
Praxair Inc.	8,342	226,493	450,468
Prepaid Legal Services Inc.	2,800	66,165	96,600
Premiere Global Services Inc.	22,200	172,069	167,610
Presidential Life	14,000	220,512	344,120
T Rowe Price Group Inc.	6,394	103,553	241,757
Principal Financial Group	7,802	219,238	434,181
Procentury Corp.	6,300	65,189	86,373
Procter & Gamble Co Com	124,709	5,298,821	6,933,820
Progress Energy Inc.	7,308	295,006	313,294
Progressive Corporation Ohio	21,620	227,832	555,850
Prologis Trust	6,440	210,897	335,653
Provident Bankshares Corp.	7,800	231,604	283,842
Prudential Financial Inc.	13,442	462,863	1,044,443
Public Service Enterprise Gp	69,561	4,449,995	4,599,373
Public Storage, Inc	2,600	172,172	197,340
Puget Energy Inc.	31,700	679,375	680,916
Pulte Corp.	5,796	44,964	166,867
Qlogic Corp.	4,960	181,285	85,510
Qualcomm Inc.	175,044	7,020,716	7,014,013
Quest Diagnostics Inc	4,444	129,693	266,284
Quest Software Inc.	37,700	593,010	529,308

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Qwest Communications Intl.	41,901	1,250,750	338,979
Radioshack Corp	20,572	368,321	288,008
Raytheon Company	11,613	484,696	517,591
Regions Financial Corp	11,989	341,165	397,076
Renasant Corp	4,900	157,018	197,715
Rent-A-Center Inc	36,000	745,659	894,960
Republic Airways Holdings Inc.	23,400	316,453	398,268
Republic Bancorp	41,431	469,997	513,330
Republic First Bancorp Inc.	135	310	1,843
Resources Connection Inc.	54,709	929,561	1,368,819
Rex Stores Corp.	5,075	49,460	72,826
Reynolds American Inc	2,239	140,632	258,157
Robert Half Intl Inc.	4,315	119,675	181,230
Rockwell Automation	4,601	86,054	331,318
Rockwell Collins	4,516	106,698	252,309
Rohm & Haas Company	4,331	181,444	217,070
Rowan Companies Inc.	3,475	97,502	123,675
Ruddick Corp.	22,500	332,868	551,475
Russell Corporation	2,100	34,319	38,136
Ryan's Restaurant Group Inc	20,950	202,484	249,515
Ryder System Inc.	1,592	45,631	93,021
SFBC International Inc.	4,000	66,273	60,640
SI International Inc.	31,900	817,903	978,054
SLM Corp	11,570	250,074	612,284
Southwest Securities Group	4,800	114,723	115,776
Sabre Holdings Inc.	3,634	132,788	79,948
Safeco Corp	3,510	141,633	197,789
Safety Insurance Group, Inc.	7,500	146,144	356,625
Safeway, Inc.	11,596	551,391	301,496
St Jude Medical Inc	9,758	160,741	316,354
St Paul Companies Inc	19,235	759,500	857,496
Sandisk Corp.	53,800	1,927,637	2,742,724
Sanmina-Sci Corp	14,836	362,538	68,246
Sara Lee Corporation	87,238	1,653,592	1,397,553
Schering Plough	39,957	1,043,721	760,382

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Schiff Nutrition International	5,100	18,722	34,068
Schlumberger Limited	31,938	908,365	2,079,483
Scholastic Corp.	12,800	394,083	332,416
Schwab (Charles) Corp.	29,451	300,918	470,627
Scripps Co. (E.W.) - CI A	2,300	109,089	99,222
Seabright Insurance Holdings	4,700	72,642	75,717
Sealed Air Corp.	2,141	100,492	111,503
Sears Holdings Corp	20,075	2,779,177	3,108,413
Semtech Corp.	20,079	378,009	290,142
Sempra Energy	7,262	202,653	330,276
Sensient Technologies Corp.	28,300	551,743	591,753
Sherwin Williams Co.	3,524	103,452	167,320
Sierra Bancorp	600	9,878	15,732
Sigma-Aldrich Corporation	1,798	70,519	130,607
Sigmatron International Inc.	1,800	20,931	15,138
Signature Bank	18,100	598,612	586,078
Silgan Holdings Inc.	17,000	166,958	629,170
Simmons First Natl Corp.	3,800	41,616	110,238
Simon Property Group Inc.	5,294	223,000	439,084
Sky Financial Group Inc	9,000	225,881	212,490
Skywest Inc.	25,000	347,789	620,000
Smart & Final Inc.	8,100	91,284	136,404
JM Smucker Company-New	3,300	133,497	147,510
Snap-On, Inc.	1,476	40,306	59,660
Solectron Corp.	24,547	404,730	83,951
Sonic Automotive Inc.	13,400	296,213	297,212
Sonic Solutions	51,667	905,146	852,506
South Jersey Industries	9,200	186,521	251,988
Southern Co.	20,806	426,457	666,832
Southwest Air	18,556	180,514	303,762
Southwest Bancorp Inc.	3,000	22,863	76,500
Sovereign Bancorp Inc.	9,469	199,859	192,313
Spectralink Corp.	2,436	19,188	21,486
Spectrum Brands Inc	19,700	386,973	254,524
Speedway Motorsports Inc.	2,700	101,125	101,898
Sprint Corporation	79,670	1,797,640	1,592,603

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Stage Stores Inc.	15,500	264,332	511,500
Stancorp Financial Group	4,800	172,069	244,368
Standard Pacific Corp.	2,300	14,831	59,110
Standex International Corp.	5,900	161,219	179,065
Stanley Furniture Co Inc.	6,000	70,809	143,820
Stanley Works	2,166	86,365	102,279
Staples Inc.(Retail & Delivery)	20,275	285,491	493,088
Starbucks Corp.	20,010	190,013	755,578
Starwood Hotels & Resorts	45,989	2,514,674	2,774,976
State Street Corp.	8,431	288,170	489,757
Steinway Musical Instruments	2,600	69,857	63,752
Sterling Bancshares Inc./Tx	44,342	670,022	831,413
Sterling Finl Corp./Spokane	3,910	22,011	119,294
Stewart Info Svcs	7,800	151,951	283,218
Stone Energy Corp.	16,700	689,365	777,385
Strattec Security Corp.	1,800	79,713	89,658
Stryker Corporation	7,872	215,985	331,490
Summa Industries	1,900	17,828	18,715
Sun Microsystems	93,416	611,684	387,676
Sunoco Inc.	3,588	59,552	248,613
Sun Trust Bank Inc	51,483	3,782,676	3,926,094
Superior Essex Inc.	2,700	47,802	80,811
Super Valu Stores	5,286	113,664	162,280
Supreme Inds Inc.	4,800	37,733	34,464
Susquehanna Bancshares Inc.	12,200	293,960	291,580
Swift Transportation Co., Inc.	6,100	115,042	193,736
Symantec Corp.	28,115	1,056,461	436,907
Symbol Technologies, Inc.	6,758	127,363	72,919
Synovus Financial Corp.	7,701	174,033	206,233
Synnex Corp.	17,800	315,082	337,488
Sysco Corp	16,477	271,295	503,537
Teco Energy Inc.	4,756	106,120	71,055
Tessco Technologies Inc.	1,970	26,844	39,479
TJX Companies Inc.	12,448	114,401	284,561
TRW Automotive Holdings Corp.	8,800	205,263	240,064
TSR Inc.	2,100	13,086	9,086

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
TXU Corporation	59,896	2,443,705	3,581,182
Talbots Inc.	8,900	199,622	164,205
Talk America Holdings Inc.	15,300	95,368	94,707
Target Corp	23,700	474,300	1,158,219
Taylor Capital Group Inc.	1,800	37,657	73,458
Tektronix, Inc.	2,152	45,553	63,312
Tellabs, Inc.	13,257	297,176	176,451
Temple-Inland, Inc.	3,342	99,348	143,272
Tempur-Pedic International	41,800	509,416	564,718
Tenet Healthcare Corporation	11,835	249,283	82,608
Teradyne, Inc.	64,191	1,195,263	894,181
Texas Instruments, Inc.	159,861	3,918,202	4,842,190
Texas Roadhouse Inc.	67,126	892,140	907,544
Textron, Inc.	15,127	1,254,656	1,394,407
Theravance Inc.	10,170	199,688	232,690
Thermo Electronics Corp	4,103	99,088	148,693
3 M Co	36,726	2,369,896	2,966,359
Tiffany & Co.	3,682	110,379	121,580
Timberland Bancorp Inc.	1,100	14,746	34,342
Timberland Company	19,400	637,315	506,340
Time Warner Inc	115,664	3,450,517	2,000,987
Timken Co.	4,800	120,860	160,848
Torchmark Corp	2,944	97,843	178,760
Transdigm Group, Inc.	28,920	631,380	692,634
Transmontaigne Inc.	25,800	158,922	289,218
Triad Guaranty Inc.	7,000	324,150	342,160
Tribune Co.	7,137	237,561	231,453
Trico Bancshares	6,500	54,492	177,970
Trustco Bank Corp. Ny	3,900	42,677	42,978
Trustmark Corp.	25,872	734,021	801,256
Tuesday Morning Corp.	16,100	299,648	211,715
Tupperware Corporation	31,500	658,461	620,235
21St Century Insurance Group	23,700	331,114	341,280
Tyco International Ltd.	54,348	1,592,230	1,494,570
Tyson Foods Inc	6,500	115,034	96,590
UST Inc	4,241	126,866	191,651

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
US Bancorp	153,180	4,435,810	4,730,198
Unico American Corp	2,200	16,605	23,518
Unifirst Corp.	2,100	65,216	72,450
Union Pacific Corporation	27,844	2,364,166	2,588,378
Unionbanca Corporation	38,958	2,691,897	2,516,297
Unisys Corp.	8,414	122,121	52,840
United Auto Group Inc.	38,400	264,512	819,840
United Community Financial	18,015	200,366	216,180
United Bankshares Inc.	4,300	130,569	157,509
United Fire & Casualty Co.	5,120	144,646	154,266
United Industrial Corp.	2,000	31,787	90,500
United Online Inc.	38,900	429,012	466,800
United Parcel Service - Cl B	29,441	1,960,930	2,423,878
United Security Bancshares	2,000	43,833	59,160
United States Steel Corp.	3,116	79,188	218,494
United Technologies	80,603	4,074,793	5,111,842
Unitedhealth Group Inc.	66,500	1,830,547	2,977,870
Universal Compression Hldgs.	12,351	470,765	777,742
Universal Corporation	15,700	557,830	584,354
Universal Forest Products	1,800	34,532	112,914
Universal Health Services - Cl B	25,472	1,247,363	1,280,223
Univision Communications	6,014	221,584	201,469
Univest Corp. Of Pennsylvania	2,800	77,153	77,336
Unumprovident Corp	7,498	245,352	135,939
Urban Outfitters Inc	87,600	2,310,219	1,532,124
V F Corporation	2,740	92,500	186,101
Valassis Communication	1,600	45,655	37,744
Valero Energy Corp.	16,600	397,792	1,104,232
Valueclick Inc.	41,089	774,401	630,716
Varian Semiconductor Equip.	19,300	570,414	629,373
Varian Medical Systems Inc.	13,200	680,499	625,020
Vectren Corporation	19,800	513,759	539,550
Versign Inc.	6,900	163,751	159,873
Verizon Communications	78,337	2,910,729	2,623,506
Vertrue Inc	5,900	180,928	253,877
Viacom Inc - Class B	20,868	656,547	747,909

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Vornado Realty Trust	3,000	254,700	292,650
Vulcan Materials Co.	2,576	116,624	200,928
WCI Communities Inc.	1,200	27,012	24,168
WGL Holdings Inc.	25,400	710,009	735,330
WMS Industries Inc.	49,300	1,423,701	1,350,327
WPS Resources Corp.	20,300	990,581	1,006,880
WSFS Financial Corp.	1,900	23,444	116,755
Wabash National Corp.	12,300	246,208	188,928
Wachovia Corp.	44,598	1,665,008	2,411,860
Wal-Mart Stores Inc.	220,470	9,525,896	10,620,040
Walgreen Co.	26,995	623,701	1,210,456
Warnaco Group Inc.	48,385	1,022,238	903,832
Washington Banking Co.	1,840	13,980	40,627
Washington Federal Inc	21,810	516,050	505,774
Washington Mutual Inc.	101,164	4,116,919	4,611,055
Washington Trust Bancorp	2,900	72,754	80,388
Waste Management Inc.	14,999	588,332	538,164
Waters Corp.	2,852	104,488	126,629
Watson Pharmaceutical Inc.	2,815	126,282	65,533
Webster Financial Corp.	6,600	311,636	313,104
Wellpoint Inc	33,814	1,740,402	2,460,645
Wells Fargo Company(1998)	45,198	1,742,534	3,031,882
Wendy's International, Inc.	3,078	95,532	179,417
Werner Enterprises Inc.	5,600	95,178	113,512
Wesbanco Inc.	6,200	170,222	192,138
West Bancorporation	4,300	74,000	80,281
West Coast Bancorp/Oregon	2,100	31,431	61,887
Westar Energy Inc.	26,700	568,886	562,035
Westell Technologies Inc. - A	34,100	140,186	74,679
Weyerhaeuser Co.	6,655	362,702	414,274
Whirlpool Corporation	1,977	120,542	163,399
Whole Foods Market Inc	4,000	304,372	258,560
Williams Companies Inc	15,431	331,953	360,468
Wilsons Leather Experts	23,900	94,108	98,229
Wireless Telecom Group Inc.	12,200	34,214	32,330
Witness Systems Inc.	57,189	1,028,724	1,153,502

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF DOMESTIC STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
World Acceptance Corp	8,200	45,617	291,264
Worthington Industries	45,900	812,973	961,605
Wrigley (Wm.) Jr. Co.	6,010	203,437	272,614
Wyeth	36,682	1,405,119	1,629,048
XTO Energy Inc.	9,300	251,140	411,711
Xcel Energy Inc	10,113	254,310	193,967
Xilinx Inc	8,858	333,320	200,634
Xerox Corporation	25,024	594,517	348,084
YRC Worldwide Inc.	7,200	297,943	303,192
Yadkin Vy Bk & Tr Elkin N C	1,100	14,487	15,576
Yahoo! Inc.	54,500	2,262,904	1,798,500
Yankee Candle Co.	12,400	319,895	310,124
Yum! Brands Inc	7,418	133,069	372,903
Zale Corp.	100,200	2,577,891	2,413,818
Zimmer Holdings Inc.	6,645	204,551	376,904
Zions Bancorporation	2,286	124,285	178,171
Zymogenetics Inc.	14,350	213,018	272,220
First Bank Corp (Frct Shares)	117,750	-	-
Ace Ltd.	8,214	322,675	415,546
Cooper Industries Ltd	2,365	105,244	219,756
Ingersoll-Rand Co	58,738	2,306,109	2,512,812
Nabors Industries Ltd	8,588	218,256	290,189
Noble Corp	3,789	167,326	281,977
UTI Worldwide Inc.	73,403	1,789,011	1,851,958
Transocean	8,611	317,813	691,636
Weatherford Intl. Ltd.	8,826	272,591	437,946
XI Capital Ltd.	4,664	365,945	285,903
	<u>22,617,064</u>	<u>\$ 651,371,313</u>	<u>\$ 753,696,612</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2006

	<u>Shares</u>		<u>Cost</u>		<u>Fair Value</u>
Advantest Corp.	19,600	\$	1,592,335	\$	1,999,178
Astellas Pharma Co	65,300		2,100,993		2,399,160
Bp Plc	230,000		2,595,259		2,682,125
Bg Group Plc.	353,000		1,380,121		4,717,138
Colruyt Nv	18,000		1,046,313		2,810,216
China Mobile Ltd.	387,000		1,185,392		2,212,283
Clp Holdings Limited	485,000		1,874,292		2,838,065
Canon Inc.	65,250		1,066,927		3,202,139
Cnooc Ltd.	4,750,000		2,024,579		3,791,683
Daikin Industries Ltd.	92,000		2,271,685		3,195,031
Denso Corporation	53,000		803,637		1,733,981
Ericsson Lm-B	380,000		1,192,330		1,255,509
Eisai Co. Ltd.	57,000		1,133,350		2,567,904
Fanuc	33,000		1,411,479		2,967,590
Hennes & Mauritz Ab-B Shs	45,300		829,265		1,754,534
Hirose Electric Co. Ltd.	18,500		1,904,331		2,249,486
Honda Motor Co. Ltd.	94,000		1,561,645		2,984,910
Hong Kong & China Gas	1,380,000		1,470,815		3,029,355
Hutchison Whampoa	275,000		2,000,979		2,510,300
Inditex	41,500		924,011		1,750,050
Kingfisher Plc	403,000		1,946,306		1,777,704
Kao Corporation	85,000		1,866,671		2,226,961
Keyence Corporation	12,320		1,331,763		3,149,109
L'Oreal	25,900		1,766,205		2,445,693
LVMH (Moet-Hennessy Louis Vui)	27,450		1,041,625		2,723,678
Lend Lease Corp Ltd	203,000		1,784,384		2,109,956
Morrison (Wm.) Supermarkets	400,000		1,741,600		1,438,950
Mitsubishi Tokyo Financial	250		2,894,752		3,499,103
Millea Holdings Inc.	164		1,697,034		3,055,767
Mitsubishi Estate Co. Ltd.	205,000		1,896,537		4,357,696
Murata Manufacturing Co. Ltd.	13,600		894,557		883,943
Nokia Ab	78,900		764,979		1,610,132
NTT Docmo, Inc	1,600		2,847,705		2,351,397
Nikko Securities Co. Ltd.	136,500		2,264,043		1,748,117
Ntt Corp.	260		1,720,906		1,275,948
Nitto Denko Corp.	19,000		1,328,623		1,354,590
Novo Nordisk A/S-B	52,500		1,277,762		3,343,261

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FOREIGN STOCKS
JUNE 30, 2006

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Novartis Ag - Reg	47,000	2,634,736	2,539,918
Rio Tinto Plc	18,800	584,609	994,118
Reckitt Benckiser Plc.	71,000	1,341,673	2,652,624
Rohm Company	24,700	2,294,558	2,210,392
Suncor Energy Inc.	40,000	1,171,562	3,249,348
Secom	49,000	1,854,745	2,318,943
Shin-Etsu Chemical Co.	58,000	1,155,693	3,155,841
Sony Corp.	50,300	2,122,289	2,222,062
Television Francaise (T.F.1)	85,070	2,715,788	2,773,756
Takeda Chemical Inds	52,000	1,428,004	3,238,770
Woodside Petroleum Limited	139,465	678,126	4,559,083
	<u>11,142,229</u>	<u>\$ 77,416,973</u>	<u>\$ 121,917,501</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF SHORT TERM INVESTMENTS
JUNE 30, 2006

Automatic Sweep Vehicles

Northern Trust Collective Government STIF

\$ 52,973,614

TOTAL AUTOMATIC SWEEP VEHICLES

52,973,614

U.S. Treasury Bill

326,492

Money Market

1,752,707

TOTAL SHORT TERM INVESTMENTS

\$ 55,052,813

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF REAL ESTATE HELD FOR INVESTMENT
JUNE 30, 2006

	<u>Cost</u>	<u>Fair Value</u>
Real Estate Held for Investment	\$ <u>2,163,383</u>	\$ <u>2,249,936</u>

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2006

EXPENSES:

Salaries	\$ 1,803,552
Overtime pay	32,820
Related benefits	483,283
Student labor	9,033
Compensation - board	7,575
Total expenses	<u>2,336,263</u>

OPERATING EXPENSES:

Professional improvement - staff and board	11,440
Travel - board	29,424
Travel - staff	9,612
Total operating expenses	<u>50,476</u>

OPERATING SERVICES:

Printing	21,761
Equipment maintenance	43,243
Building	280,664
Dues	4,400
Postage	107,289
Telephone	43,298
Insurance	11,779
Legal	8,355
Total operating services	<u>520,789</u>

SUPPLIES:

Office	19,208
Computer	48,588
Total supplies	<u>67,796</u>

PROFESSIONAL SERVICES:

Medical	6,685
Actuary	49,800
Audit	23,700
Records imaging	9,970
Total professional services	<u>90,155</u>

INTERAGENCY TRANSFERS:

Civil Service	6,432
Attorney general	88,549
Total interagency transfers	<u>94,981</u>

OTHER CHARGES:

Legiscon	3,350
Miscellaneous	54,585
Computer software	58,246
Total other charges	<u>116,181</u>

TOTAL EXPENSES	\$ <u><u>3,276,641</u></u>
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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

September 19, 2006

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, 2006, and have issued our report thereon dated September 19, 2006. 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Louisiana School Employees' Retirement System's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is noted below.

During the audit, it was noted that a bank account had not been reconciled for several months during the year. 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.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weaknesses.

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 or other matters 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.

Duplantier, Hrapmann, Hogan & Maher, LLP



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

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September 19, 2006

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

Dear Sir or Madam:

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

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the State of Louisiana School Employees' Retirement System as of and for the year ended June 30, 2006 and have issued our report thereon dated September 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit as of June 30, 2006 resulted in an unqualified opinion.

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

Internal Control:

Material weaknesses – none noted

Reportable conditions – See current year finding 06-01 below

Compliance:

Noncompliance material to financial statements - none noted

C. FEDERAL AWARDS:

N/A

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

06-01 Bank Reconciliations

During the audit, it was noted that a bank account had not been reconciled for several months during the year. 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.

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

05-01 Bank Reconciliations

During the prior year audit, it was noted that 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 recommended that the System prepare monthly bank reconciliations in a timely manner. This finding has not been resolved and is repeated as 06-01 in the current year.

05-02 Excess Contributions

During the prior 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 recommended that the System investigate any discrepancies in contributions received on a timely basis. This finding was resolved in the current year.

05-03 Federal Withholding

During the prior 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 recommended that the System remit federal taxes withheld on a timely basis to ensure compliance with IRS regulations. This finding was resolved in the current year.



State of Louisiana
SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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October 4, 2006

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Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

MANAGEMENT LETTER

Dear Mr. Theriot:

During testing by our auditors, Duplantier, Hrapmann, Hogan, and Maher recommended that the System prepare monthly bank reconciliations in a timely manner. Our response to the audit finding is as follows:

Louisiana School Employees' Retirement System will reconcile all monthly bank accounts on a timely basis. This fiscal year presented us with extraordinary events, and a turnover of key personnel, resulting in our inability to reconcile the payroll account in a timely manner. During the months of September 2005 through December 2005, the System had to replace a large number of benefits for members due to Hurricanes Katrina and Rita. The replacements were in the form of manual checks and ACH deposits to new bank accounts; along with the replacements were the accompanying voids. During this period and afterwards, the Accounting Department was unable address the additional work and problems generated by the hurricanes, and keep up with the daily accounting functions. The Accounting Department is small consisting of seven employees, four of those being professional level accounting positions. Having a new Chief Financial Officer and another new staff member in a key position when the hurricanes hit further complicated the situation. In February and March 2006, the same two key positions became vacant again. Also, we discovered that the electronic bank file was not available for three months, which also delayed the account reconciliation. Both positions were filled, however the Chief Financial Officer position became vacant again after five months. We are currently in the process of filling this vacancy. Once the vacancy is filled, we will proceed with the timely reconciliation of all accounts.

If you have any questions, or need additional information, please contact or write our office.

Sincerely,

Charles P. Bujol
Director