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STATE OF LOUISIANA

SCHOOL EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1999 AND 1998

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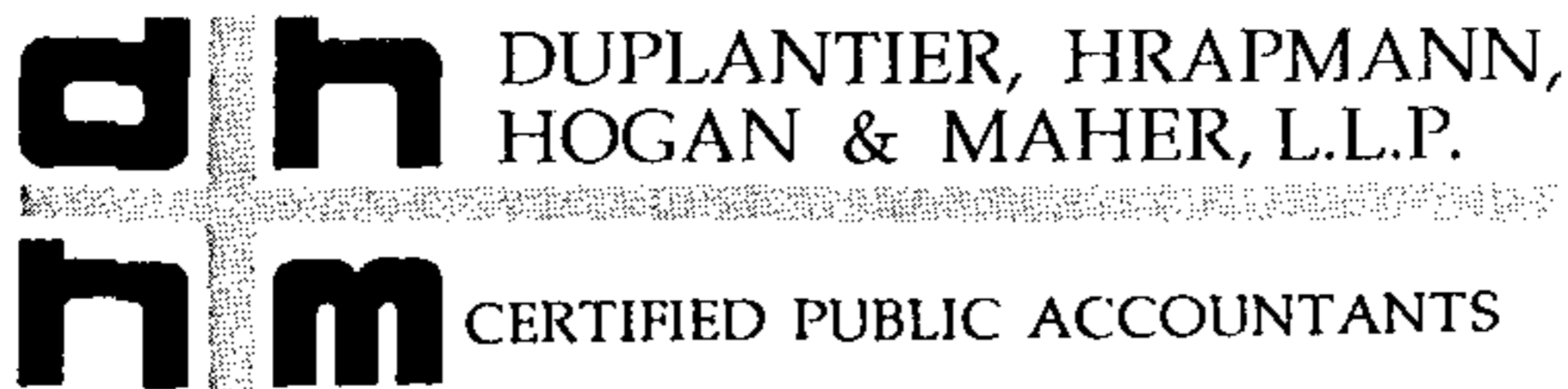
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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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JUNE 30, 1999 AND 1998

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INDEPENDENT AUDITOR'S REPORT

August 17, 1999

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

We have audited the accompanying statement 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, 1999 and the related statement of changes in plan net assets for the year 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 audit. The financial statements of the State of Louisiana School Employees' Retirement System as of June 30, 1998, were audited by other auditors whose report dated August 26, 1998, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards 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 audit provides 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, 1999, and the results of its operations and changes in net assets for the year then ended in conformity with generally accepted accounting principles.

We have audited the financial statements of the Plan for the year ending June 30, 1999 and issued our unqualified opinion on such financial statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information, required schedule on year 2000, and the supplemental schedules listed in the foregoing table of contents are presented for the purposes of additional analysis and are not a part of the basic financial statements. The required supplemental schedule on the year 2000 issue has not been subjected to procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it; however, such required statistical information for the year ending June 30, 1999 and supplemental schedules for the year ending June 30, 1999, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. We have not examined the financial statements of the Plan for any period prior to the year ended June 30, 1999. Accordingly, we do not express an opinion or any other form of assurance on the required statistical information relating to any period prior to June 30, 1999. The financial statements of the Plan prior to June 30, 1999, were audited by other auditors whose reports expressed an unqualified opinion on those financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 1999 on our consideration of State of Louisiana School Employees' Retirement System's internal control over financial reporting and on its compliance with laws and regulations.

Duplantier, Chapman, Hogan & Maher LLP

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
CASH:		
In bank	\$ <u>1,285,911</u>	\$ <u>361,011</u>
RECEIVABLES: (Notes 1 and 3)		
Member contributions	2,156,807	2,118,202
Employer contributions	2,063,400	1,937,867
Accrued interest and dividends	9,336,149	8,447,416
Investment receivable	29,358,277	5,356,768
Other	366	73,349
Total receivables	<u>42,914,999</u>	<u>17,933,602</u>
INVESTMENTS, AT FAIR VALUE:		
(Notes 1, 5, 6, and 7) (Pages 21-60)		
U.S. Government and agency obligations	101,416,017	127,710,685
Bonds - domestic and foreign	588,834,205	484,060,144
Marketable securities - domestic	687,342,166	706,477,349
Marketable securities - foreign	81,444,725	80,301,525
Collateral held under securities lending program	135,095,831	218,065,761
Short term investments	45,636,709	38,703,136
Futures and options	--	13,773
Real estate held for investment	2,803,598	--
Total investments	<u>1,642,573,251</u>	<u>1,655,332,373</u>
PROPERTY AND EQUIPMENT, AT COST: (Notes 1 and 10)		
Building	3,553,274	5,329,911
Land	976,558	1,464,837
Furniture and equipment	753,982	669,014
	<u>5,283,814</u>	<u>7,463,762</u>
Less accumulated depreciation	771,135	741,659
Total property and equipment	<u>4,512,679</u>	<u>6,722,103</u>
Total assets	<u>1,691,286,840</u>	<u>1,680,349,089</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	880,512	828,883
Accrued expenses and benefits	84,025	175,046
Obligations under securities lending program (Notes 5 and 6)	135,095,831	218,065,761
Investment payable	22,928,333	15,171,642
Total liabilities	<u>158,988,701</u>	<u>234,241,332</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u>1,532,298,139</u>	\$ <u>1,446,107,757</u>
(A schedule of funding progress for the Plan is presented on Page 17)		

See accompanying notes.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ADDITIONS:		
Contributions: (Notes 1 AND 3)		
Member contributions	\$ 15,028,064	\$ 14,353,380
Employer contributions	14,258,000	13,533,467
Total contributions	<u>29,286,064</u>	<u>27,886,847</u>
Investment Income: (Note 1)		
Net appreciation in fair value of investments	75,984,045	163,869,132
Interest	44,670,076	42,489,642
Securities lending income	8,921,826	13,982,194
Dividends	9,649,402	8,051,687
Real estate income	277,802	285,498
	<u>139,503,151</u>	<u>228,678,153</u>
Less Investment Expense:		
Investment advisory fee	2,740,392	2,905,708
Custodian and bank fees	195,863	136,691
Foreign currency exchange loss	38,268	6,342
Securities lending expense	8,481,125	13,497,025
Real estate expense	102,360	--
	<u>11,558,008</u>	<u>16,545,766</u>
Net investment income	<u>127,945,143</u>	<u>212,132,387</u>
Total additions	<u>157,231,207</u>	<u>240,019,234</u>
DEDUCTIONS:		
Retirement benefits paid	67,402,758	60,675,915
Refunds of contributions	2,369,474	2,328,958
Administrative expenses (Page 61)	1,701,312	1,641,169
Depreciation expense	160,167	179,501
Transfers to other systems	76,486	172,428
Total deductions	<u>71,710,197</u>	<u>64,997,971</u>
NET INCREASE	<u>85,521,010</u>	<u>175,021,263</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year - as previously stated	1,446,107,757	1,271,086,494
Prior period adjustment (Note 11)	669,372	--
Beginning of year - restated	<u>1,446,777,129</u>	<u>1,271,086,494</u>
END OF YEAR	<u>\$ 1,532,298,139</u>	<u>\$ 1,446,107,757</u>

See accompanying notes.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

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).

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.

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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

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 comparable market rentals.

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 years ended June 30, 1999 and 1998, the local government contributors consisted of 66 school boards and 8 other agencies contributing to the Plan.

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, 1999 and 1998 plan membership consisted of:

	<u>1999</u>	<u>1998</u>
Retirees and beneficiaries		
currently receiving benefits	8,567	8,273
Terminated employees entitled to benefits		
but not yet receiving them	88	88
Terminated vested employees who have not		
withdrawn contributions (DROP)	789	869
Fully vested, partially and		
nonvested active employees	<u>14,887</u>	<u>14,660</u>
TOTAL PARTICIPANTS	<u><u>24,331</u></u>	<u><u>23,890</u></u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

2. PLAN DESCRIPTION: (Continued)

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 less than 20 hours 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.

The maximum retirement benefit is an amount equal to 2 1/2% of the average compensation for the three highest consecutive years of membership service, multiplied by the number of years of service up to twenty years (an additional 1/2% of average compensation times years of creditable service in excess of twenty years), 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.

Any member retiring on or after January 1, 1992 shall receive for their first 20 years of service a 2 1/2% accrual rate, with a 3% accrual rate for each year after 20 years.

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.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

2. PLAN DESCRIPTION: (Continued)

Benefits: (Continued)

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

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

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 Option 5 program. Option 5 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 Option 5 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 Option 5 account are made in accordance with the DROP account, Louisiana Revised Statutes 11:1152(F)(3).

3. CONTRIBUTIONS AND RESERVES:

Contributions for plan members are established by state statute at 6.35% of their annual covered salary. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988. The actuarially required contribution rate, however, has been less than the rate required by the Constitution. Thus the employer rate for the year ended June 30, 1999 and 1998 has been the rate required by the Constitution of 6%. Act 278 of the 1999 regular session provided for the establishment of an Employer Credit Account consisting of the accumulated excess employer contributions which exceeded the actuarially required employer rate. As of July 1, 1999, the account has a balance of \$56.7 million which is available to offset future required employer contributions. Administrative costs of the Plan are financed through interest earned on employee and employer contributions.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

3. CONTRIBUTIONS AND RESERVES: (Continued)

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, 1999 and 1998 is \$-0- and \$-0-, respectively. Any excess funds at year end are closed out to the Pension Accumulation Fund per Louisiana Statute.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Plan. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Survivor Benefit Reserve. When a member retires, the amount of his accumulated contributions is transferred to Pension Reserve to provide part of the benefits. The Annuity Savings as of June 30, 1999 and 1998 is \$134,461,322 and \$133,649,754, 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, 1999 and 1998 is \$422,534,286 and \$409,728,599, respectively. The Pension Accumulation Fund is fully funded.

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, 1999 and 1998 is \$565,060,112 and \$522,671,593, respectively. The Survivors Benefit Reserve as of June 30, 1999 and 1988 is \$63,519,397 and \$56,042,636, respectively. Both Reserves are fully funded.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

3. CONTRIBUTIONS AND RESERVES:(Continued)

E) Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option as of June 30, 1999 and 1998 is \$27,487,282 and \$20,072,292, respectively. The Deferred Retirement Option account is fully funded.

F) Option 5 Reserve:

The Option 5 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 Option 5 Reserve as of June 30, 1999 and 1998 is \$167,822 and \$88,061, respectively. The Option 5 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 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, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Deposits (bank balance)	\$ 467,583	\$ 455,157
Cash equivalents	45,636,709	38,703,136
Investments	<u>1,596,936,542</u>	<u>1,616,629,237</u>
	<u>\$1,643,040,834</u>	<u>\$1,655,787,530</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, 1999 AND 1998

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash Equivalents:

Cash equivalents in the amount of \$7,285,491 consist of government pooled investments. The funds are managed and held by a separate money manager, and are in the name of the Plan's custodian's trust department. Cash equivalents in the amount of \$26,964,100 consist of government pooled investments. The funds are managed and held by a separate money manager and are in the name of the Plan. Cash equivalents in the amount of \$11,387,118 consist of FHLMC discount notes managed by a separate money manager, and held by the Plan's custodian, and are in the name of the Plan.

Investments:

In accordance with LRS 11:263, the Plan is authorized to invest under the Prudent-Man Rule. The Prudent-Man Rule means that, in investing, the governing authorities of the Plan "shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income." Notwithstanding the Prudent-Man Rule, the Plan shall not invest more than sixty-five percent of the total portfolio in equity investments. However, the Plan's internal investment policy limits the portion of the portfolio that can be invested in equities to fifty percent.

The Plan's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which securities are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Plan's name.

	1999	
	<u>MARKET VALUE</u>	<u>CATEGORY</u>
U.S. Government and Government Agency Securities	\$ 36,574,453	1
Corporate bonds	254,862,074	1
Mortgage backed securities	180,777,995	1
Collateralized mortgage obligations	93,666,309	1
Other bonds	50,578,560	1
Marketable securities - domestic	633,689,617	1
Marketable securities - foreign	70,239,861	1
Real estate held for investment	2,803,598	N/A
Investments held by broker-dealers in which collateral may be reinvested:		
U.S. Government Securities	60,383,566	N/A
Corporate bonds	8,949,267	N/A
Marketable securities - domestic	52,117,267	N/A
Marketable securities - foreign	10,997,669	N/A

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

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

	1999	
	<u>MARKET VALUE</u>	<u>CATEGORY</u>
Investments held by broker-dealers in which collateral may not be reinvested:		
U.S. Government Securities	4,457,998	1
Marketable securities - domestic	1,535,282	1
Marketable securities - foreign	207,195	1
Collateral held under securities lending program - short term investment pool	<u>135,095,831</u>	N/A
TOTAL	<u>\$1,596,936,542</u>	
	1998	
	<u>MARKET VALUE</u>	<u>CATEGORY</u>
FHLMC & GNMA mortgage backed securities	\$226,266,548	1
U.S. Government obligations and U.S. Government Agency obligations:		
Not on securities loan	39,094,529	1
Collateral or letters of credit	10,167,652	1
Corporate and Municipal Bonds:		
Not on securities loan	224,402,784	1
Collateral or letters of credit	3,831,199	1
Domestic Common and Preferred Stock:		
Not on securities loan	608,036,951	1
Collateral or letters of credit	11,294,867	1
International Common Stock:		
Not on securities loan	68,385,081	1
Collateral or letters of credit	1,367,271	1
Futures and Options	13,773	1
Investments held by broker-dealers under securities loans:		
U.S. Government obligations and U.S. Government Agency obligations	78,448,504	N/A
Corporate and Municipal Bonds	29,559,613	N/A
Domestic Common and Preferred Stock	87,145,531	N/A
International Common Stock	10,549,173	N/A
Securities Lending Short Term Investment Pool	<u>218,065,761</u>	N/A
TOTAL	<u>\$1,616,629,237</u>	

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

6. SECURITY LENDING TRANSACTIONS

State statutes and Board of Trustee' policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan entered into a contract with a company which acts as their third-party securities lending agent. The lending agent has access to the Plan's lendable portfolio or available assets. The agent lends available assets such as U.S. and non U.S. equities, corporate bonds, and non-U.S. government securities. Securities are loaned versus collateral that may include cash, U.S. Government securities, and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The contract with the Plan's agent requires it to provide borrower identification. The custodian's responsibility includes performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

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

The Plan has the following securities on loan:

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
	Market (Carrying Value)	Market (Carrying Value)
U. S. Government Securities	\$ 64,841,564	\$ 88,616,156
Corporate bonds	8,949,267	33,390,812
Marketable Securities - domestics	53,652,549	98,440,398
Marketable Securities - foreign	11,204,864	11,916,444
	<u>\$138,648,244</u>	<u>\$232,363,810</u>

Securities on loan at June 30, 1999 and 1998, for which the Plan received cash collateral, are presented as unclassified under footnote 5. Securities on loan as of June 30, 1999 and 1998, for which the Plan received noncash collateral are presented as classified under footnote 5.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at June 30, 1999 and 1998.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

7. FUTURES:

The Plan has entered into futures contracts for the purpose of maintaining market exposure for excess cash. At June 30, 1999 and 1998, the Plan had four and one outstanding S&P future contracts, respectively. The notional value of the open contracts at June 30, 1999 and 1998 was \$1,345,200 and \$279,475, respectively. The fair value of the open contracts at June 30, 1999 and 1998 was \$1,381,700 and \$285,750, 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, 1999 and 1998, the Plan realized net gains of \$450,108 and \$274,203, respectively, on futures trading. The net gains are recorded on the financial statements in net appreciation in fair value income.

Additionally, the Plan is required to place on deposit \$75,000 for the trading account.

8. PER DIEM PAID TO BOARD MEMBERS

Per diem paid to board members, as presented in Page 20, was established at \$75.00 per day in accordance with Louisiana Revised Statute 42:700.2.

9. SUBSEQUENT EVENTS:

During the 1999 legislative session, the Louisiana legislature enacted a new law which states that at the conclusion of each fiscal year, the difference between the minimum employer contribution, as required by the Louisiana Constitution, and the actuarially required employer contribution for the fiscal year shall be determined and accounted for in an employer credit account. The employer credit account shall accumulate interest at the actuarial rate of return earned by the Plan annually. Annual contributions required may be funded in whole or in part from the employer credit account. This new legislation is effective July 1, 1999. Therefore, beginning in July 1999 the Plan will no longer receive employer contributions. Employer contributions will be funded through this employer credit account until the account balance is exhausted. The amount of the employer credit account at July 1, 1999 is \$56,754,405.

10. PROPERTY AND EQUIPMENT:

Changes in property and equipment are as follows:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Building	\$5,329,911	\$ --	\$(1,776,637)	\$3,553,274
Land	1,464,837	--	(488,279)	976,558
Furniture and equipment	669,014	84,968	--	753,982
Accumulated depreciation	(741,659)	--	(29,476)	(771,135)
	<u>\$6,722,103</u>	<u>\$84,968</u>	<u>\$(2,294,392)</u>	<u>\$4,512,679</u>

Depreciation expense for the years ended June 30, 1999 and 1998 was \$160,167 and \$179,501, respectively.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

11. PRIOR PERIOD ADJUSTMENT:

In the prior year the Plan recorded the building at original cost less depreciation. A portion of the building is used for investment purposes and thus should be reported at fair value. As a result Plan net assets were restated as of July 1, 1998. The effect of the restatement was to decrease the cost of the land and building by \$2,264,916, decrease accumulated depreciation by \$130,690, increase investment in real estate by \$2,803,598 and increase plan net assets by \$669,372.

12. SUPPLEMENTARY INFORMATION:

In accordance with GASB 25, required supplementary information can be found in the attached schedules on pages 17 through 19.

In accordance with GASB, the required schedule for the year 2000 information is attached on page 62.

13. RECLASSIFICATIONS:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentations in the current year financial statements. Reclassifications have no effect on net assets.

14. TAX QUALIFICATION:

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

15. ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

16. OPERATING LEASES:

The Plan leases office space recorded as real estate held for investment under an operating lease expiring October 31, 2000.

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

<u>JUNE 30</u>	
2000	\$275,993
2001	<u>91,998</u>
	<u>\$367,991</u>

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

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>PENSION RESERVE</u>	<u>SURVIVOR BENEFIT</u>	<u>ANNUITY SAVINGS</u>	<u>DROP</u>
BALANCES, JULY 1, 1998, AS PREVIOUSLY STATED	\$ 522,671,593	\$ 56,042,636	\$ 133,649,754	\$ 20,072,292
Prior period adjustment	--	--	--	--
BALANCES, JULY 1, 1998, AS RESTATED	<u>522,671,593</u>	<u>56,042,636</u>	<u>133,649,754</u>	<u>20,072,292</u>
REVENUES AND TRANSFERS:				
Contributions				
Members	--	--	15,028,064	--
Employers	--	--	--	--
Investment income and other sources	--	--	--	--
Transfers from Annuity Savings	11,847,022	--	--	--
Pensions transferred from				
Pension Reserve	--	252,170	--	11,772,647
Operating transfers	--	--	--	--
Transfer from Administrative Fund	--	--	--	--
Actuarial transfers	103,522,467	9,393,300	--	--
Total revenues	<u>115,369,489</u>	<u>9,645,470</u>	<u>15,028,064</u>	<u>11,772,647</u>
EXPENDITURES AND TRANSFERS:				
Retirement allowances paid	60,584,695	2,168,709	--	4,357,657
Refunds to members	--	--	2,369,474	--
Transfers to Pension Reserve	--	--	11,847,022	--
Pensions transferred to				
Survivor Benefit	252,170	--	--	--
Pensions transferred to DROP	11,772,647	--	--	--
Pensions transferred to Option 5	371,458	--	--	--
Transfers to other systems	--	--	--	--
Depreciation	--	--	--	--
Administrative expenses	--	--	--	--
Operating transfers	--	--	--	--
Transfer from Pension Accumulation	--	--	--	--
Actuarial transfer	--	--	--	--
Total expenditures	<u>72,980,970</u>	<u>2,168,709</u>	<u>14,216,496</u>	<u>4,357,657</u>
NET INCREASE (DECREASE)	<u>42,388,519</u>	<u>7,476,761</u>	<u>811,568</u>	<u>7,414,990</u>
BALANCES - JUNE 30, 1999	<u>\$ 565,060,112</u>	<u>\$ 63,519,397</u>	<u>\$ 134,461,322</u>	<u>\$ 27,487,282</u>

<u>OPTION 5</u>	<u>PENSION ACCUMULATION</u>	<u>ADMINISTRATIVE FUND</u>	<u>EMPLOYER CREDIT ACCOUNT</u>	<u>SURPLUS ACTUARIAL LIABILITY</u>	<u>TOTAL</u>
\$ 88,061	\$ 409,728,599	\$ --	\$ 40,476,946	\$ 263,377,876	\$ 1,446,107,757
--	--	--	--	669,372	669,372
<u>88,061</u>	<u>409,728,599</u>	<u>--</u>	<u>40,476,946</u>	<u>264,047,248</u>	<u>1,446,777,129</u>
--	--	--	--	--	15,028,064
--	5,384,927	--	8,873,073	--	14,258,000
--	120,540,757	--	7,404,386	--	127,945,143
--	--	--	--	--	11,847,022
371,458	--	--	--	--	12,396,275
--	--	1,726,367	--	--	1,726,367
--	25,055	--	--	--	25,055
--	--	--	--	--	112,915,767
<u>371,458</u>	<u>125,950,739</u>	<u>1,726,367</u>	<u>16,277,459</u>	<u>--</u>	<u>296,141,693</u>
291,697	--	--	--	--	67,402,758
--	--	--	--	--	2,369,474
--	--	--	--	--	11,847,022
--	--	--	--	--	252,170
--	--	--	--	--	11,772,647
--	--	--	--	--	371,458
--	76,486	--	--	--	76,486
--	160,167	--	--	--	160,167
--	--	1,701,312	--	--	1,701,312
--	1,726,367	--	--	--	1,726,367
--	--	25,055	--	--	25,055
--	111,182,032	--	--	1,733,735	112,915,767
<u>291,697</u>	<u>113,145,052</u>	<u>1,726,367</u>	<u>--</u>	<u>1,733,735</u>	<u>210,620,683</u>
<u>79,761</u>	<u>12,805,687</u>	<u>--</u>	<u>16,277,459</u>	<u>(1,733,735)</u>	<u>85,521,010</u>
\$ <u>167,822</u>	\$ <u>422,534,286</u>	\$ <u>--</u>	\$ <u>56,754,405</u>	\$ <u>262,313,513</u>	\$ <u>1,532,298,139</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(DOLLAR AMOUNTS IN THOUSANDS)
JUNE 30, 1994 THROUGH 1999

<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>
1994	\$ 932,112	\$ 854,867	\$ (77,245)	109.0%	\$203,270	--
1995	986,376	908,811	(77,564)	108.5	205,467	--
1996	1,066,498	970,569	(95,929)	109.9	211,178	--
1997	1,173,453	1,067,252	(106,201)	110.0	219,264	--
1998	1,344,550	1,142,252	(202,297)	117.7	225,734	--
1999	1,464,041*	1,213,230	(250,811)	120.7	236,001	--

* Beginning fiscal year ending June 30, 1999, the actuarial value of assets are reduced by the employer credit account in the amount of \$56,754,405.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 1994 THROUGH 1999

<u>YEAR ENDED JUNE 30</u>	<u>ACTUARIALLY REQUIRED CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
1994	\$12,167,856	99.7%
1995	10,512,811	115.4
1996	10,526,277	121.8
1997	8,523,085	154.9
1998	9,644,559	140.3
1999	5,050,989	282.3

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

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO SCHEDULE OF FUNDING PROGRESS AND
 SCHEDULE OF CONTRIBUTIONS
JUNE 30, 1994 THROUGH 1999

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, 1999 follows:

Valuation date	June 30, 1999
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	30 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 1981-1986 salary scale experience of the Plan. The rates were smoothed then the table was increased by .5% at all durations to account for the continuing affects of inflation.
Cost of living adjustments	The liability for cost of living raises already granted is included in the retiree reserve. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of benefit increases.
Change in actuarial assumptions:	The method of valuing bonds was changed from using amortized cost value to using the market value adjusted for a four year weighted average in the unrealized gain or loss in the value of assets. This actuarial assumption change resulted in an increase of the actuarial value of assets in the amount of \$1,500,414.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

JUNE 30, 1999				
TRUSTEE	NUMBER OF MEETINGS	AMOUNTS		
		MEETINGS	TRAVEL	TOTAL
Howard Broussard	11	\$ 825	\$ 690	\$1,515
Lee R. Darbonne	2	150	94	244
Betty Jacobs	14	1,050	--	1,050
Sylvia Myers	10	750	742	1,492
Joe Seymour	8	600	662	1,262
Boyd Zitzmann	14	1,050	1,176	2,226
Larry Wilmer	8	<u>600</u>	<u>682</u>	<u>1,282</u>
TOTALS		<u>\$5,025</u>	<u>\$4,046</u>	<u>\$9,071</u>

JUNE 30, 1998				
TRUSTEE	NUMBER OF MEETINGS	AMOUNTS		
		MEETINGS	TRAVEL	TOTAL
Howard Broussard	14	\$1,050	\$ 696	\$1,746
Lee R. Darbonne	11	825	408	1,233
Betty Jacobs	14	1,050	--	1,050
Sylvia Myers	14	1,050	853	1,903
Joe Seymour	9	675	490	1,165
Boyd Zitzmann	15	<u>1,125</u>	<u>1,083</u>	<u>2,208</u>
TOTALS		<u>\$5,775</u>	<u>\$3,530</u>	<u>\$9,305</u>

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

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF U.S. GOVERNMENT OBLIGATIONS
JUNE 30, 1999

	INTEREST RATE	DUE DATE	PAR VALUE	FAIR VALUE
<u>U.S. Government Agency</u>				
Federal National Mortgage Association	5.250 %	01/15/2003	\$ 7,000,000	\$ 6,822,270
Federal National Mortgage Association	5.625	05/14/2004	15,000,000	14,654,850
				<u>21,477,120</u>
<u>U.S. Government Obligations</u>				
U S Treasury Bonds	12.750	11/15/2010	1,300,000	1,752,556
U S Treasury Bonds	7.250	05/15/2016	6,950,000	7,640,900
U S Treasury Bonds	7.875	02/15/2021	11,100,000	13,160,937
U S Treasury Bonds	6.125	11/15/2027	4,350,000	4,314,156
U S Treasury Bonds	5.250	11/15/2028	8,915,000	7,895,302
U S Treasury Notes	4.750	11/15/2008	1,235,000	1,134,792
U S Treasury Notes	4.750	02/15/2004	2,005,000	1,928,209
U S Treasury Notes	6.500	05/15/2005	31,040,000	32,056,560
U S Treasury Notes	6.500	08/31/2001	5,000,000	5,094,350
U S Treasury Notes	6.500	10/15/2006	4,800,000	4,961,136
				<u>79,938,897</u>
Total U.S Government Obligations				\$ <u>101,416,017</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 1999

	INTEREST RATE	DUE DATE	PAR VALUE	FAIR VALUE
CORPORATE BONDS:				
Alltel Corp.	6.500 %	11/01/2013	\$ 2,500,000	\$ 2,334,375
American Financial Group	7.125	04/15/2009	2,550,000	2,387,055
Apache Corpation	7.000	02/01/2018	10,000,000	9,340,800
Apache Corporation	6.500	12/15/2007	4,000,000	3,800,680
Associate Corporation N.A.	7.000	07/23/2001	5,000,000	5,058,350
Bard C. R., Inc.	6.700	12/01/2026	4,500,000	4,302,900
Bell Tel Co Pennsylvania	7.375	03/15/2033	6,000,000	5,737,620
Boeing Co.	7.950	08/15/2024	3,300,000	3,551,328
Boston Scientific	6.625	03/15/2005	5,000,000	4,781,900
CIT Group, Inc.	6.500	06/14/2002	1,855,000	1,858,562
Capital One Bank Mtn.	6.570	01/27/2003	1,900,000	1,871,234
Champion International Corp.	6.650	12/15/2037	10,000,000	9,640,800
Chesapeake & Potomac Of Maryland	7.250	02/01/2012	1,000,000	1,016,050
Coastal Corp.	6.375	02/01/2009	2,100,000	1,971,816
Comdisco, Inc.	6.000	01/30/2002	2,555,000	2,513,941
Comarica Bank	7.125	12/01/2013	2,000,000	1,943,080
Commercial Credit Co.	7.375	03/15/2002	5,000,000	5,124,950
Commercial Credit Co.	6.500	06/01/2005	5,000,000	4,912,900
Conseco, Inc.	6.800	06/15/2005	3,200,000	3,022,144
Countrywide Home Loan	6.850	06/15/2004	3,000,000	3,000,510
Dean Witter Discover	6.750	01/01/2016	2,000,000	1,870,000
Delta Airlines, Inc.	6.650	03/15/2004	2,315,000	2,270,112
Donaldson Lufkin & Jeannerett	6.110	05/15/2001	3,000,000	2,968,380
Duke Realty Ltd Partnership	6.800	02/12/2009	1,525,000	1,436,474
EOP Operating Ltd Partnership	6.800	01/15/2009	1,750,000	1,648,203
Enterprise Oil PLC	6.500	05/01/2005	5,000,000	4,804,200
Ford Motor Credit Corp.	7.750	11/15/2002	1,000,000	1,037,690
Ford Motor Credit Corp.	8.200	02/15/2002	5,000,000	5,213,600
Ford Motor Credit Corp.	6.375	10/06/2000	2,000,000	2,008,120
GTE Corp.	9.100	06/01/2003	5,000,000	5,436,100
GTE Corp.	6.360	04/15/2006	1,500,000	1,452,660
GMAC	6.625	10/15/2005	3,000,000	2,964,690
General Motors Acceptance Corp.	8.750	07/15/2005	1,000,000	1,090,780
General Motors Acceptance Corp.	7.000	09/15/2002	1,000,000	1,013,460
General Motors Acceptance Corp.	5.875	01/22/2003	9,000,000	8,800,740
Georgia Power Company	5.500	12/01/2005	7,000,000	6,565,230
Hertz Corp.	6.300	11/15/2006	6,500,000	6,237,335
Hilton Hotels Corp.	7.375	06/01/2002	2,500,000	2,502,375
IMC Global, Inc.	7.400	11/01/2002	2,175,000	2,197,577
International Lease Finance Corp.	5.750	01/15/2003	6,000,000	5,860,980
International Lease Finance Corp.	6.000	06/15/2003	5,000,000	4,907,150
Lehman Brothers, Inc.	7.625	06/01/2006	3,500,000	3,510,150
Lexmark Intl Group, Inc.	6.750	05/15/2008	2,550,000	2,419,593
Lockheed Martin Corp.	7.200	05/01/2036	3,000,000	2,980,410

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BONDS
JUNE 30, 1999

	INTEREST RATE	DUE DATE	PAR VALUE	FAIR VALUE
Louisiana Land & Exploration	7.625 %	04/15/2013	\$ 5,000,000	\$ 5,028,400
Mack-Cali Realty Corp.	7.250	03/15/2009	1,615,000	1,523,736
Merrill Lynch	6.000	02/12/2003	15,000,000	14,727,000
Michigan Bell	7.500	02/15/2023	3,000,000	2,937,810
Nabisco, Inc.	7.050	07/15/2007	1,000,000	980,360
National Re Corporation	8.850	01/15/2005	2,500,000	2,735,575
Norwest Financial, Inc.	7.000	01/15/2003	2,000,000	2,028,820
Penney J.C. & Co.	7.125	11/15/2023	3,000,000	2,783,130
Pennzoil-Quaker State	7.375	04/01/2029	2,525,000	2,381,580
Pep Boys Manny, Moe, & Jack	6.400	09/19/2007	1,500,000	1,425,780
Phillips Petroleum Company	8.490	01/01/2023	5,000,000	5,208,650
Presidential Life Corp.	7.875	02/15/2009	1,250,000	1,212,263
Royal Caribbean Cruises	8.250	04/01/2005	2,806,000	2,924,638
Saks Incorporated	7.250	12/01/2004	2,570,000	2,566,633
Service Corp International	7.375	04/15/2004	2,875,000	2,874,569
Service Corp International	6.000	12/15/2005	3,000,000	2,767,200
Southern California Gas	7.375	03/01/2023	1,500,000	1,419,420
Sprint Capital Corporation	6.875	11/15/2028	2,160,000	1,969,596
Tandy Corporation	6.950	09/01/2007	3,500,000	3,412,710
Time Warner, Inc .Sr Notes	9.125	01/15/2013	7,000,000	7,989,170
Time Warner, Inc.	6.625	05/15/2029	5,000,000	4,405,650
Transcontinental Gas Pipeline	6.250	01/15/2008	7,000,000	6,606,390
USL Capital Corporation	8.125	02/15/2000	2,000,000	2,033,480
USA Networks, Inc.	6.750	11/15/2005	3,375,000	3,238,751
Union Electric Co.	6.875	08/01/2004	1,000,000	1,015,230
Union Pacific Resources	6.750	05/15/2008	10,000,000	9,366,100
Virginia Electric & Power Co.	8.625	10/01/2024	3,500,000	3,500,000
Weyerhaeuser Company	7.500	03/01/2013	3,000,000	3,025,230
Weyerhaeuser Company	6.950	10/01/2027	2,500,000	2,356,468
Total Corporate Bonds				<u>263,811,340.98</u>
PRIVATE PLACEMENTS:				
Credit Suisse Fb London	7.900	05/29/2049	3,475,000	3,383,156
Global Marine, Inc.	7.125	09/01/2007	5,000,000	4,856,900
Liberty Media Corporation	7.875	07/15/2009	2,000,000	1,988,080
RJR Nabisco Holdings	7.375	05/15/2003	4,400,000	4,332,592
Rohm & Haas Company	7.850	07/15/2029	2,420,000	2,418,233
Total Private Placements				<u>16,978,961</u>
TRUST CAPITAL SECURITIES:				
AFC Capital Trust I	8.207	02/03/2027	2,200,000	2,240,084
Bear Stearns Cap Trust I	7.000	01/15/2027	1,900,000	1,882,710
Marlin Water Trust Cap	7.090	12/15/2001	5,000,000	5,020,750

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	INTEREST RATE	DUE DATE	PAR VALUE	FAIR VALUE
Merita Bank 144-A & Yankee	7.150 %	12/29/2049	\$ 4,800,000	\$ 4,768,992
NB Capital Trust IV	8.250	04/15/2027	5,000,000	5,058,950
NGC Corporation Capital Trust	8.316	06/01/2027	4,000,000	3,967,600
Total Trust Capital Securities				22,939,086
YANKEE BONDS:				
Diageo Capital PLC	6.625	06/24/2004	4,670,000	4,685,178
Enterprise Oil	6.700	09/15/2007	3,000,000	2,861,610
Total Yankee Bonds				7,546,788
COLLATERALIZED MORTGAGE OBLIGATIONS:				
Chase Commercial Mortgage Securities	6.560	05/18/2030	3,120,000	3,050,112
Chase Manhattan Grantor Trust	5.200	02/15/2002	943,377	940,131
Contimortgage Home Equity Loan Trust	7.830	02/15/2016	3,130,000	3,167,153
Contimortgage Home Equity Loan Trust	6.440	12/15/2012	4,030,000	4,024,963
Contimortgage Home Equity Loan	6.130	03/15/2013	2,650,000	2,639,215
FHLMC REMIC 1543-TM	7.000	10/15/2022	5,000,000	5,023,400
FHLMC REMIC 1838E	6.500	12/15/2008	3,175,000	3,178,969
FHLMC REMIC 1929-NC	7.500	01/15/2020	2,663,656	2,671,966
FHLMC REMIC 1963 BC	7.000	03/15/2022	2,891,000	2,910,861
FHLMC REMIC 2054 PC	6.250	07/15/2022	5,000,000	4,912,500
FHLMC REMIC 2081 - PB	6.250	06/15/2024	7,000,000	6,835,920
FHLMC REMIC 2129 EA	6.000	06/15/2025	2,928,797	2,872,037
FHLMC REMIC 2131 YC	6.000	12/15/2026	2,923,143	2,846,410
FNMA REMIC 1992-G41 PS	8.400	12/25/2020	3,000,000	3,125,610
FNMA REMIC 1992-14H	7.000	09/25/2006	537,979	536,128
FNMA REMIC 1992-157B	7.000	12/25/2005	504,417	503,469
FNMA REMIC G92 - 53 J	7.000	09/25/2022	3,000,000	2,956,860
FNMA REMIC CL H SER 1992-210	6.500	03/25/2019	4,500,000	4,483,125
FNMA REMIC 1993-13Z	6.500	02/25/2000	331,427	330,390
FNMA REMIC TR Series 1993- 33 CLASS J	6.750	06/25/2022	5,000,000	4,959,350
FNMA REMIC 1993-194E	5.700	06/25/2008	669,671	654,389
FNMA REMIC TR Series 1993-198 CL P	6.500	03/25/2023	2,000,000	1,972,500
FNMA REMIC 1993-225VD	5.750	06/01/2010	1,618,685	1,614,120
FNMA REMIC 1997-1B	6.500	02/18/2004	1,836,597	1,826,826
FNMA REMIC TR Series 1997-14 CL PG	6.500	03/18/2023	2,000,000	1,965,000
FNMA REMIC G97-5 CLASS AB	6.750	02/17/2016	2,730,850	2,740,217
FNMA REMIC CL C Series 1997-69	9.500	09/20/2024	3,808,891	3,968,369
FNMA REMIC 1998-65 A1	5.530	09/16/2028	1,695,564	1,692,915
FNMA REMIC 1999-32 PK	6.000	02/25/2028	4,345,000	4,057,823
Green Tree Financial Corp.	8.150	01/15/2018	3,535,000	3,613,406
Green Tree Financial Corp.	5.930	04/01/2009	2,400,000	2,397,000

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	INTEREST RATE	DUE DATE	PAR VALUE	FAIR VALUE
Green Tree Financial Corp.	6.320 %	06/15/2008	\$ 728,819	\$ 729,497
Lehman Bros Commercial Conduit Mtg. Trust	6.210	10/15/2035	4,690,000	4,465,677
Total Collateralized Mortgage Obligations				<u>93,666,309</u>
FEDERAL HOME LOAN MORTGAGE CORPORATION:				
FGLMC M80520	6.500	04/15/2005	2,364,445	2,359,172
FGLMC 0432	8.000	01/01/2026	1,914,007	1,972,958
FGLMC G10564	7.000	08/01/2011	5,500,033	5,542,713
FGLMC E73765	6.000	12/15/2013	4,874,519	4,736,131
FHLMC GP#C00785	6.500	06/01/2029	4,387,601	4,235,395
FGLMC C22344	6.000	02/01/2029	8,628,957	8,139,523
FHLMC GP#C28289	6.500	07/01/2029	7,213,552	6,963,314
FGLMC C80437	9.000	07/15/2026	335,911	354,671
Total Federal Home Loan Mortgage Corporation				<u>34,303,877</u>
FEDERAL NATIONAL MORTGAGE ASSOCIATION:				
FNMA 250200	9.000	01/01/2025	196,070	207,787
FNMA 250030	7.000	05/01/2024	2,613,051	2,598,313
FNMA 250769	7.000	12/01/2011	7,294,052	7,343,870
FNMA 251901	6.500	08/01/2013	2,701,860	2,672,518
FNMA 296823	9.000	12/01/2024	183,946	194,939
FNMA 297999	9.000	11/01/2024	1,379,843	1,462,302
FNMA 299371	9.000	12/01/2024	153,248	162,406
FNMA 300178	9.000	12/01/2024	1,135,089	1,202,922
FNMA 303909	7.000	05/01/2026	4,557,495	4,533,203
FNMA 303890	7.000	05/01/2026	6,235,636	6,192,859
FNMA 303943	6.500	06/01/2011	12,009,621	11,887,243
FNMA 303945	7.000	12/01/2010	3,376,627	3,407,827
FNMA 313205	10.000	12/01/2020	3,833,824	4,173,731
FNMA 323365	7.500	12/01/2004	1,162,334	1,174,538
FNMA 362679	7.000	10/01/2011	2,141,028	2,155,651
FNMA 408933	6.500	07/01/2013	955,028	944,656
FNMA 426286	6.000	10/01/2013	3,204,980	3,108,959
FNMA 433213	6.500	07/01/2013	2,610,086	2,581,740
FNMA 433603	6.000	09/01/2013	7,004,232	6,794,385
FNMA 434075	6.500	07/01/2013	2,600,997	2,572,750
Total Federal National Mortgage Association				<u>65,372,602</u>
GOVERNMENT NATIONAL MORTGAGE ASSOCIATIO				
GNMA 352120	6.500	08/15/2008	507,135	505,770
GNMA 352940	6.000	04/15/2009	1,039,461	1,013,038

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	INTEREST RATE	DUE DATE	PAR VALUE	FAIR VALUE
GNMA 354777	6.500 %	03/15/2009	\$ 2,347,045	\$ 2,332,541
GNMA 354799	6.000	04/15/2009	2,724,576	2,655,317
GNMA 355881	6.500	06/15/2009	548,675	546,919
GNMA 355875	6.500	04/15/2009	887,040	884,201
GNMA 360836	6.500	03/15/2009	906,331	903,431
GNMA 361798	6.500	09/15/2008	896,421	890,890
GNMA 364955	6.500	03/15/2009	1,108,319	1,104,773
GNMA 366072	6.500	05/15/2009	414,608	413,281
GNMA 366217	6.500	10/01/2008	515,814	514,163
GNMA 371693	7.000	03/15/2024	3,575,342	3,552,460
GNMA 370960	6.500	12/15/2008	436,710	435,313
GNMA 376863	6.500	10/01/2008	805,506	803,339
GNMA 377990	6.000	04/15/2009	520,949	509,399
GNMA 384004	7.000	03/15/2009	958,098	968,503
GNMA 385492	6.000	04/15/2009	593,632	580,472
GNMA 385666	6.500	04/15/2009	490,184	488,616
GNMA 386521	6.500	07/15/2009	495,248	493,663
GNMA 387191	6.500	02/15/2009	537,850	536,129
GNMA 387209	6.000	04/15/2009	628,476	614,543
GNMA 392903	9.000	01/15/2025	493,250	525,879
GNMA 408175	7.000	12/15/2025	685,110	679,664
GNMA 408844	7.000	11/15/2025	754,290	748,293
GNMA 415029	7.000	01/15/2026	654,518	648,091
GNMA 423825	8.000	06/15/2026	1,494,549	1,541,777
GNMA 426366	7.000	01/15/2026	795,905	788,089
GNMA 426408	7.000	02/15/2026	803,660	795,769
GNMA 429363	6.500	03/15/2026	4,507,802	4,368,015
GNMA 456786	7.000	04/15/2028	7,691,631	7,623,176
GNMA 460758	7.000	02/15/2028	2,588,355	2,559,676
GNMA 462543	7.000	02/15/2028	2,554,806	2,526,499
GNMA 462554	7.000	02/15/2028	1,730,628	1,711,452
GNMA 465526	6.500	05/15/2028	3,741,930	3,615,789
GNMA 486877	6.000	01/15/2029	16,636,893	15,619,547
GNMA 209750	9.000	06/15/2017	98,817	105,725
GNMA 196068	8.000	04/15/2017	283,407	294,094
GNMA 201202	9.000	01/15/2017	164,339	175,150
GNMA 238006	8.000	02/15/2018	700,648	727,168
GNMA 231923	8.000	07/15/2017	217,196	225,386
GNMA 293329	9.500	08/15/2020	17,474	18,759
GNMA 293326	9.000	08/15/2020	91,750	97,991
GNMA 296406	10.000	11/15/2020	26,880	28,719
GNMA 288373	9.000	05/15/2020	82,708	88,334
GNMA 291014	9.500	08/15/2020	21,546	23,129
GNMA 306559	8.500	01/15/2022	1,675,560	1,758,734
GNMA 319273	8.500	11/15/2021	1,677,828	1,761,954
GNMA 780350	6.500	05/15/2009	4,346,621	4,320,802
GNMA 780601	7.000	07/15/2027	1,587,927	1,566,585
Total Government National Mortgage Assn.				75,691,008

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	<u>INTEREST RATE</u>	<u>DUE DATE</u>	<u>PAR VALUE</u>	<u>FAIR VALUE</u>
OTHER ASSET BACKED SECURITIES:				
Olympic Automobile Receivables Trust	6.000 %	06/15/2002	\$ 3,000,000	\$ <u>3,007,560</u>
Total Other Asset Backed Securities				<u>3,007,560</u>
PRINCIPAL ONLY STRIPS:				
FNMA REMIC CL B SER 1992-167		10/25/2021	108,609	<u>106,166</u>
Total Principal Only Strips				<u>106,166</u>
PRIVATE MORTGAGE BACKED SECURITIES:				
Commercial Resecuritization Trust	6.740	01/27/2009	3,251,843	3,341,269
FFCA Secured Lending Corporation	6.370	10/18/2008	2,128,562	<u>2,069,239</u>
Total Private Mortgage Backed Securities				<u>5,410,508</u>
TOTAL BONDS				<u>588,834,205</u>

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
AAR Corp.	5,600	\$	85,375	\$	127,053
ALFAC Inc.	5,400		281,016		258,525
AGCO Corp.	18,000		145,080		203,634
AES Corporation	3,900		142,428		226,688
AK Steel Holding Corp.	16,200		391,635		364,500
AMR Corp.	14,900		975,577		1,016,925
Arm Financial Group Inc. - CI A	8,300		119,342		70,550
American Telephone & Telegraph	136,845		5,098,656		7,637,730
AVX Corp.	30,300		517,904		738,563
Abacus Direct Corp.	1,900		94,740		173,850
Abbott Labs	30,800		1,038,869		1,397,550
Acceptance Insurance Cos, Inc.	5,000		76,988		75,315
Acme Electric Corp.	1,500		7,811		8,157
ACX Technologies Inc.	3,600		44,397		58,500
ADAC Laboratories	1,600		12,074		11,600
Adobe Systems, Inc	1,200		49,592		98,587
ADVO, Inc.	7,500		150,854		155,625
Advanced Micro Devices, Inc.	3,000		105,316		54,189
Advanta Corp - CI A	43,200		931,614		780,322
Advent Software, Inc.	9,100		507,604		609,700
Aetna, Inc.	2,900		300,825		259,370
Affiliated Computer Svcs - A	15,400		330,423		779,625
Affiliated Managers Group	14,300		407,359		431,688
Air Products Chemical	4,600		192,900		185,150
Alberto-Culver Co.	1,200		33,249		31,950
Albertson's, Inc.	15,158		553,031		781,592
Alcoa, Inc.	7,500		284,321		464,063
Align-Rite International	2,800		39,762		38,850
Allegheny Teledyne, Inc.	3,900		104,079		88,238
Allergan, Inc.	1,300		41,731		144,300
Allied Products	8,750		194,232		26,250
Allied Research Corp.	1,400		10,616		8,400
Allied Signal Inc. Com.	27,300		1,237,429		1,719,900
Allied Waste Industries, Inc.	17,100		150,362		337,725
Allstate Corp.	50,200		1,694,446		1,800,925
Alltel Corp.	5,700		201,376		407,550
Alltrista Corp.	2,400		58,146		79,200
Alphanet Solutions, Inc.	6,100		65,263		23,638
Alpharma Inc-CI A Common Stock	8,100		260,265		288,060

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Alternative Resources Corp.	5,500	\$	37,098	\$	38,500
Alza Corporation Class A	2,000		63,816		101,750
Ambac, Inc	15,000		833,063		856,875
Amcast Indl, Corp.	3,200		51,792		52,202
Amerada Hess Corporation	1,800		101,329		107,100
Amerco	1,300		29,599		29,250
Ameren Corp	2,800		109,680		107,450
America Online, Inc.	32,400		3,548,888		3,564,000
America West Holdings Corp. - B	10,700		166,225		201,963
American Coin Merchandising	2,200		8,591		14,300
American Dental Technologies	2,100		8,004		7,875
American Electric Power	3,900		165,656		146,496
American Express Co.	23,000		1,111,980		2,992,875
American Financial Group, Inc..	10,200		365,647		347,443
American General Corp.	5,100		221,624		384,413
American Greetings Corporation	1,400		49,949		42,175
American Home Prods Corp.	38,100		1,517,358		2,185,988
American Homestar Corp.	5,500		40,348		37,813
American International Group	91,421		5,137,514		10,719,112
American Physician Partners	2,400		15,198		17,251
Ameron International Corp	1,200		43,374		52,950
Ameripath, Inc.	7,400		60,795		63,825
Amerus Life Holdings Inc. - A	4,000		99,830		108,000
Ameritech Corporation	29,300		926,271		2,153,550
Ametek, Inc.	4,000		73,080		92,000
Amgen, Inc.	10,400		326,428		633,100
Amresco, Inc.	17,100		137,477		110,090
Ampco-Pittsburgh Corp.	5,000		79,129		64,065
Amrep Corp.	2,000		11,370		11,376
Amsouth Bancorporation	47,100		1,145,035		1,092,155
Amwest Insurance Group, Inc.	1,500		13,889		13,875
Amtran, Inc.	2,500		49,113		61,563
Anadarko Petroleum Corporation	2,400		82,143		88,351
Anadigics, Inc.	23,300		347,278		862,100
Andersons, Inc.	5,200		55,500		66,300
Andrew Corp.	1,700		48,649		32,195
Anheuser Busch Co, Inc.	9,600		419,842		681,005
Anicom, Inc.	24,300		334,174		255,150
Antec Corp.	28,600		458,696		917,002
AON Corp	40,100		1,636,644		1,654,125

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Apache Corporation	2,300	\$	85,518	\$	89,700
Apogee Enterprises, Inc.	200		1,794		2,688
Apple Computer, Inc.	3,000		40,212		138,939
Applied Graphics Technologies	19,400		276,300		244,925
Applied Materials, Inc.	7,500		283,117		554,063
Applied Signal Technology	2,400		15,372		22,800
Arcadia Financial, Ltd.	23,000		124,738		178,250
Archer - Daniels - Midland Co.	11,937		254,159		184,283
Arctic Cat Inc.	19,200		173,897		171,610
Ark Restaurants Corp.	1,300		13,595		14,300
Arkansas Best Corp.	6,900		43,594		68,572
Armco, Inc.	67,400		423,838		446,525
Armstrong World Industries, Inc.	800		59,066		46,250
Arnold Industries, Inc.	19,900		299,099		307,216
Arrow Electronics, Inc.	42,600		768,384		809,400
Arvin Industries, Inc.	11,700		456,090		443,138
Asarco, Inc.	1,000		31,681		18,813
Ashland Inc	23,300		1,214,645		934,913
Associates First Capital - A	14,752		369,689		650,932
Astoria Financial Corp.	16,900		816,561		742,552
Atchison Casting Corp.	7,900		141,976		81,469
Atlantic Richfield Co Com	6,500		357,463		543,160
Atlantis Plastics Inc. - CI A	1,000		7,810		14,000
Autodesk, Inc.	1,300		51,982		38,432
Autocam Corp.	2,200		21,379		29,700
Automatic Data Processing, Inc.	12,500		304,707		550,000
Autozone, Inc.	3,000		75,185		90,375
Avant Corporaiton	43,300		842,441		546,663
Avery Dennison Corp.	2,300		96,688		138,863
Aviall, Inc.	11,900		161,602		223,875
Avon Prods, Inc. Com.	5,300		197,545		294,150
Axsys Technologies, Inc.	1,200		12,411		13,800
Aztec Manufacturing Co.	3,700		40,765		36,075
BB&T Corporation	6,400		211,290		234,803
BCT International, Inc.	1,700		3,849		3,720
BMC Software	134,800		6,372,324		7,279,200
Bacou Usa, Inc.	13,500		218,409		230,351
Bairnco Corp.	5,500		45,815		41,250
Baker Hughes, Inc.	30,010		748,149		1,005,335
Balchem Corp - CI B	1,400		7,732		8,050

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Baldwin Technology Co -CI A	16,700	\$	67,003	\$	49,065
Ball Corporation	9,600		424,915		405,600
Banctec, Inc.	22,200		423,010		398,224
Bank Of America Corp.	81,658		4,514,636		5,986,593
Bank Of New York, Inc.	15,400		363,779		564,995
Bank One Corporation	94,478		4,315,792		5,627,393
Bankatlantic Bancorp Inc. - A	3,900		29,555		28,275
Bankboston Corporation	6,000		230,056		306,750
Bard C. R., Inc.	1,000		37,529		47,813
Barnes Group, Inc.	4,100		79,340		89,175
Barr Laboratories, Inc.	18,500		660,969		737,688
Barry (R.G.)	3,100		30,418		25,575
Battle Mountain Gold Co.	5,600		32,487		13,653
Bausch & Lomb, Inc.	1,200		56,078		91,800
Baxter International	22,700		1,297,336		1,376,188
Bayou Steel Corp. - CI A	12,600		73,033		47,250
Bear Stearns Cos., Inc.	2,330		126,253		108,928
Beazer Homes USA Inc.	3,800		99,826		87,875
Becton Dickinson & Co	5,100		135,121		153,000
Bel Fuse Inc. - Class A	2,500		54,164		70,000
Bel Fuse Inc. -Class B	2,500		58,849		65,000
Belden, Inc.	25,500		872,786		610,419
Bell Atlantic Corp.	127,680		5,440,857		8,347,080
Bell Microproducts, Inc.	1,800		11,943		12,375
Bellsouth Corporation	57,900		1,538,222		2,670,638
Bemis Co., Inc.	1,100		48,668		43,725
Bergen Brunswig Corp.	18,500		391,238		319,125
Best Buy Company, Inc.	4,100		270,764		276,750
Best Foods	5,700		251,888		282,150
Bethlehem Steel Corp.	2,700		28,151		20,758
Beverly Enterprises, Inc.	35,900		232,820		289,462
Biomet Inc.	2,300		44,082		91,425
Black & Decker Corporation	1,800		69,662		113,625
Black Hawk Gaming & Develop	500		3,765		3,813
Blimpie Intl. Inc.	2,900		6,246		7,975
H & R Block	2,000		65,040		100,000
Blonder Tongue Laboratories	2,000		11,290		12,750
Bluegreen Corp.	8,100		47,420		44,048
Boeing Co.	19,730		1,072,743		868,120
Boise Cascade Corp.	1,200		42,809		51,450

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Boise Cascade Office Product	19,900	\$	209,945	\$	233,825
Bon-Ton Stores	5,300		37,813		34,121
Boston Acoustics, Inc.	4,800		120,103		85,800
Boston Scientific Corp.	8,000		253,452		351,504
Boundless Corporation	1,600		9,609		9,400
Boyd Brothers Transportation	1,200		9,411		13,800
Boyd Gaming Corp.	17,800		63,451		124,600
Bridgeport Machines, Inc.	1,700		13,332		16,575
Briggs & Stratton Corporation	7,200		415,606		415,800
Brinker International Inc.	17,100		290,915		470,250
Bristol-Myers Squibb Co.	84,100		3,315,926		5,923,836
Brown & Sharpe Mfg Co-Cl A	4,700		25,535		25,559
Brown Forman Corp Class B	1,400		71,626		91,263
Browning-Ferris Industries	3,148		109,486		135,364
Brunswick Corporation	1,900		59,354		52,963
Buckeye Technologies, Inc.	12,400		171,033		188,331
Building Material Holding Cp.	3,600		37,346		41,400
Burlington Coat Factory Wrhs	6,300		101,363		121,672
Burlington Inds, Inc.	58,400		756,572		540,200
Burlington Northern Santa Fe	9,500		290,059		294,500
Burlington Resources, Inc.	3,620		158,857		156,565
Burr-Brown Corp.	55,950		902,777		2,049,169
Butler Manufacturing Co.	7,500		255,150		209,535
CBS Corporation (New)	51,800		1,969,946		2,256,563
CDI Corp	5,400		126,212		183,940
CHS Electronics Inc.	19,300		145,896		84,438
Cigna Corp.	4,100		145,065		364,900
Cleco Corporation	14,000		426,235		425,250
CMS Energy Corp	25,600		1,127,302		1,072,000
CPB, Inc.	4,400		80,889		116,600
CNF Transportation, Inc.	17,900		403,767		689,150
CPAC, Inc.	6,800		70,194		56,950
CSX Corporation	4,400		216,728		199,650
CVS Corp.	100,800		3,876,902		5,115,600
Cabletron Systems, Inc.	3,500		105,589		45,500
Cable Design Technologies	6,100		80,418		94,172
Cadmus Communications Corp.	2,700		35,434		37,125
Calpine Corporation	19,500		325,006		1,053,000
Cameron Ashley Building Prod.	5,600		94,736		58,453
Campbell Soup	8,800		399,199		408,100

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Cannondale Corp.	7,500	\$	98,738	\$	85,313
Capital One Financial Corp.	74,200		4,118,188		4,132,050
Capital Re Corp.	9,000		146,718		144,567
Capital Senior Living Corp.	30,900		409,322		309,000
The Carbide/Graphite Group	8,500		245,356		121,661
Cardinal Health Inc.	97,500		5,974,016		6,252,188
Careinsite , Inc.	5,900		186,924		278,775
Carey International, Inc.	17,100		315,506		421,088
Carnival Corporation	12,409		546,949		601,837
Darriage Services, Inc. - CI A	14,400		295,308		269,107
Carolina Power & Light	3,100		113,037		132,720
Carpenter Technology Corp.	7,500		206,070		214,223
Cascade Corp.	3,300		40,431		46,200
Case Corporation	1,500		98,908		72,188
Casella Wast Systems, Inc. - A	18,550		456,681		482,300
Casey's General Stores, Inc.	49,300		499,564		739,500
Castle Dental Centers, Inc.	2,200		14,688		13,750
Caterpillar, Inc.	7,200		238,488		432,000
Cato Corp. - CI A	500		4,437		5,813
Cavalier Homes, Inc.	6,300		55,027		51,584
Cellstar Corp.	20,900		160,784		164,588
Cendant Corporation	15,531		392,668		318,386
Centex Corporation	15,000		471,878		563,445
Centex Construction Products	2,600		90,321		88,725
Central & South West Corp.	5,800		133,316		135,575
Central Garden & Pet Co.	9,900		121,757		101,475
Century Aluminum Company	2,700		23,369		16,708
Centurytel, Inc.	32,900		1,185,204		1,307,775
Ceridian Corp.	2,900		61,513		94,795
Champion International Corp.	1,900		106,552		90,963
Channell Commercial Corp.	9,000		96,181		90,000
Charter One Fin. Inc.	37,000		1,035,258		1,029,081
Chart Industries Inc.	6,700		85,696		52,763
Chartwell Re Corporation	5,800		172,323		108,025
Chase Industries Inc.	4,400		36,238		37,127
Chase Manhattan Corp.	39,300		2,653,607		3,399,450
Cherry Corp.	3,000		45,683		42,000
Chevron Corporation	17,000		1,349,803		1,616,071
Childrens Comprehensive Svcs.	2,100		13,495		14,570
Chiron Corp.	10,500		213,982		217,875

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Chromcraft Revington Inc.	3,700	\$	56,529	\$	53,421
Chubb Corp.	3,300		224,370		229,350
Cincinnati Financial Corp.	3,300		153,032		123,958
Cinergy Corp.	3,200		111,027		102,400
Circle International Grp. Inc.	4,500		72,653		98,438
Circuit City Stores-Circuit	23,000		1,665,724		2,139,000
Cisco Systems, Inc.	198,100		3,029,615		12,765,069
Citigroup Inc.	251,585		8,117,034		11,950,288
Clear Channel Communications	6,700		333,385		461,885
Cleveland-Cliffs, Inc.	3,800		139,376		123,025
Clorox Company	23,200		1,632,420		2,478,062
Coach USA Inc.	20,500		606,004		859,729
Coachmen Industries Inc.	1,500		28,215		34,875
Coast Dental Services Inc.	2,200		13,975		10,314
Coastal Corporation	4,300		120,370		173,075
Cobra Electronics Corp.	1,700		6,136		6,800
Coca-Cola Company Com.	69,900		4,249,192		4,333,800
Coca-Cola Enterprises	36,800		1,201,387		1,094,800
Cogeneration Corp. Of Amer.	2,100		19,565		30,320
Cognex Corp.	52,750		843,062		1,664,948
Cole National Corp. - CI A	5,200		54,539		41,278
Colgate-Palmolive	5,900		390,010		581,150
Collins Industries Inc.	1,000		3,968		6,000
Columbia Energy Group	1,650		74,169		103,435
Columbia Hca/Healthcare Corp	11,500		434,838		262,350
Columbus Mckinnon Corp.	4,100		68,853		98,400
Comcast Corp CI A Special	15,000		167,885		576,570
Comidial Corp.	2,800		17,922		19,776
Comerica, Inc.	29,000		1,756,701		1,723,702
Commerce Bancorp Inc. NJ	7,207		149,046		308,099
Commerce Group Inc.	12,200		281,714		297,375
Commercial Intertech Corp.	6,000		127,015		95,628
Commercial Metals Co.	9,300		289,458		265,050
Community Bank System Inc.	2,400		58,998		60,900
Communications System Inc.	2,500		34,631		30,938
Compaq Computer Corp.	34,442		532,989		815,862
Computer Associates Int'L.	10,900		320,399		596,775
Computer Sciences Corp.	100,400		4,270,094		6,946,475
Compuware Corp.	42,700		1,350,022		1,358,415
Conagra Inc.	48,900		1,340,407		1,301,963

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Concord Camera Corp.	3,100	\$	12,394	\$	16,275
Congoleum Corp. - CI A	3,100		22,498		22,283
Conseco Inc.	81,624		3,647,833		2,484,471
Conso Intl, Corp.	2,100		12,393		12,075
Consolidated Edison Inc.	4,600		122,454		208,150
Consolidated Freightways Corporation	22,500		290,102		288,990
Consolidated Natural Gas Co.	1,900		105,106		115,425
Consolidated Stores Corp.	2,200		95,882		59,400
Constellation Energy Group	41,400		1,284,023		1,226,475
Consumer Portfolio Services	2,000		7,123		3,344
Continental Airlines-CI B	48,500		2,188,338		1,824,813
Cooker Restaurants Corp./OH	6,300		60,573		35,047
Cooper Inds, Inc.	20,800		943,468		1,081,600
Cooper Tire & Rubber	1,700		38,705		40,163
Coors (Adolph) - CI B	11,400		553,188		564,300
Cordant Technologies Inc.	9,100		304,007		411,211
Cornell Corrections Inc.	18,200		345,513		299,172
Corning, Inc.	4,900		275,637		343,613
Corporate Executive Board Co.	6,500		208,713		231,160
Correctional Properties Trust	37,000		742,228		582,750
Cort Business Services Corp.	2,500		41,325		59,845
Corus Bankshares Inc.	1,500		47,858		47,720
Costco Companies Inc.	4,400		112,071		352,277
Countrywide Credit Inds., Inc.	2,300		73,909		98,325
Covance, Inc.	21,800		547,011		521,848
Covenant Transport Inc. CI - A	3,100		42,690		48,825
Crane Company	1,350		37,406		42,441
Credence Systems Corp.	27,000		711,503		1,002,375
Cross Timbers Oil Co.	49,475		678,816		735,941
Crown Cork & Seal, Inc.	2,500		137,484		71,250
Cummins Engine, Inc.	900		63,572		51,413
Cumulus Media Inc. - CI A	18,600		259,519		406,875
Cyprus Amax Minerals Co.	2,000		51,228		30,500
DTE Energy Company	2,900		84,057		118,175
DT Industries Inc.	11,100		274,807		101,987
Dana Corporation	17,993		639,565		828,812
Danaher Corp.	27,700		1,707,758		1,610,063
Darden Restaurants Inc.	2,700		24,945		58,895
Data General Corp.	1,000		26,333		14,563
Data Processing Resources Cp.	2,300		29,700		54,338

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Dayton Hudson Corporation	62,600	\$	2,175,876	\$	4,069,000
Decorator Industries Inc.	1,000		7,020		7,250
Deere & Co. Com.	4,700		270,865		184,184
Dell Computer Corporation	62,700		650,427		2,319,900
Delphi Automotives Systems	11,434		160,481		211,529
Delta Air Lines, Inc.	15,400		838,440		887,425
Delta Financial Corp.	4,400		22,107		28,050
Deluxe Corp.	22,600		759,859		877,174
Denali Inc.	1,700		13,528		12,750
Dentsply International Inc.	17,750		348,363		512,531
Devry Inc.	26,500		414,950		592,938
Dexter Corporation	4,000		128,358		163,252
Dillard's Inc. - CI A	2,200		75,781		77,275
Dime Bancorp Inc.	56,800		1,743,618		1,143,100
Diodes Inc.	900		4,048		7,538
Walt Disney Co.	41,700		1,087,238		1,284,902
Dixie Group Inc.	11,100		108,098		94,172
Dole Food Company	19,300		598,329		566,938
Dollar General Corporation	4,493		131,253		130,297
Dominion Resources Inc. VA	3,900		145,118		168,921
Donaldson Lufkin & Jeannerett	10,000		548,381		602,500
Donegal Group Inc.	1,800		22,082		20,475
Donnelley R R & Sons Company	2,600		98,167		96,364
Doubleclick Inc.	1,400		117,938		128,450
Dover Corp.	4,300		135,859		150,500
Dow Chemical	4,400		380,292		558,250
Dow Jones & Co., Inc.	1,800		76,506		95,513
Downey Financial Corp.	6,800		134,330		149,178
Dress Barn Inc.	6,400		153,328		102,400
Drew Industries Inc.	1,200		15,672		14,776
Dupont (Ei) De Nemours & Co.	22,800		1,073,742		1,557,536
Duckwall - Alco Stores, Inc.	5,000		89,263		52,500
Duke Energy Corp. Com .Stk.	7,400		356,371		402,841
Duke Realty Investments, Inc.	17,700		411,148		399,365
Dun & Bradstreet Corporation	27,800		932,478		985,176
Dura Automotive Systems Inc.	6,023		215,288		200,265
Dura Pharmaceuticals Inc.	18,600		309,422		222,047
Durakon Inds, Inc.	800		9,142		12,550
Dyersburg Corp.	11,000		61,561		13,750
Dynamex Inc.	1,900		7,257		5,463

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
E G & G, Inc.	1,000	\$	22,108	\$	35,625
EMC Corp/Mass	38,100		960,004		2,095,500
ESCO Electronics Corp.	3,800		35,378		48,689
Eastern Enterprises	500		17,725		19,875
Eastman Chemical Company	21,900		1,043,393		1,133,325
Eastman Kodak Co. Com.	6,500		512,065		440,375
Eaton Corporation	1,500		131,125		138,000
Ecolab Inc.	2,600		54,175		113,425
Edison International	7,000		174,046		187,250
EDO Corp.	2,300		16,574		16,675
El Paso Electric Company	19,000		151,498		169,822
Electro Rent Corp.	1,300		13,107		13,975
Electronic Data Systems Corp.	10,000		413,329		566,250
Perry Ellis International	2,300		26,595		30,763
Emerson Elec. Co.	25,400		1,422,944		1,598,625
Encore Wire Corp.	5,300		44,704		48,034
Engelhard Corporation	2,500		52,316		56,563
Engle Homes, Inc.	5,500		94,539		75,625
Enhance Financial Svcs Group.	13,500		254,122		266,625
Ennis Business Forms	5,100		43,989		43,671
Enron Corporation	61,900		3,927,623		5,060,325
Enron Oil & Gas Company	18,800		398,169		380,700
Entergy Corp.	75,700		2,113,882		2,365,625
Equifax, Inc.	2,900		89,325		103,495
Equinox Systems Inc.	1,900		17,988		20,545
Ethyl Corp.	71,400		420,907		428,400
Excel Technology Inc.	4,000		36,288		53,000
Exponent Inc.	7,400		63,659		51,800
Exxon Corp. Com.	104,300		5,590,065		8,044,138
Ezcorp Inc. - CI A	4,200		31,954		28,875
Flir Systems Inc.	1,300		17,235		19,663
FMC Corp.	11,800		630,779		806,093
FPL Group Inc.	3,600		166,755		196,650
Fairchild Corp. - CI A	19,200		394,779		244,800
Fansteel Inc.	3,000		15,096		16,500
FDX Corporation	6,040		170,915		327,670
Featherlite Inc.	2,300		15,378		15,670
Federal Home Loan Mortgage Corporation	14,100		505,123		817,800
Federal National Mortgage Association	91,000		2,370,032		6,210,750
Federated Department Stores	35,900		1,249,583		1,900,474

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Fibermark Inc.	2,700	\$	34,570	\$	35,608
Fidelity National Finl, Inc.	10,900		209,280		218,000
Fifth Third Bancorp.	5,450		225,380		362,768
Finlay Enterprises Inc.	3,600		41,183		48,150
First Alliance Corp.	6,300		51,221		21,659
First Data Corp.	34,300		1,021,254		1,678,573
First Republic Bank	1,100		26,319		31,832
First Union Corporation	96,476		5,622,996		4,546,432
Firstcity Financial Corp.	6,400		177,256		35,200
Firststar Corporation	37,500		1,063,568		1,050,000
Firstfed Financial Corp.	4,000		67,684		77,000
Firstenergy Corp.	44,700		1,375,708		1,385,700
Fleet Financial Group	61,400		1,182,458		2,724,625
Fleetwood Enterprises, Inc.	800		23,984		21,150
Flexsteel Inds.	2,400		32,397		31,951
Florida Progress Corp.	2,000		84,705		82,626
Flowserve Corporation	7,300		136,334		138,247
Fluor Corporation	1,500		82,340		60,750
Ford Motor Company	34,200		1,146,998		1,930,180
Foremost Corp. of America	6,900		158,390		151,800
Forrester Research Inc.	1,800		64,920		45,000
Fort James Corporation	4,500		178,166		170,438
Fortress Group Inc.	1,600		4,048		2,350
Fortune Brands Inc.	39,900		1,540,720		1,650,863
Foster Wheeler Corporation	900		38,943		12,657
Franklin Covey Co.	6,100		122,759		44,988
Franklin Resources Inc.	5,100		269,194		207,188
Freeport-Mcmoran Copper-B	3,300		96,241		59,195
Fremont General Corp.	12,200		242,611		230,275
French Fragrances Inc.	4,800		35,376		35,102
Friece Goldman Intl Inc.	4,300		46,056		59,396
Friedman Industries	2,000		8,245		8,376
Friedman's Inc. - Cl A	8,400		134,396		72,979
Frontier Corporation	3,500		69,939		205,188
Frontier Insurance Group Inc.	13,700		292,115		210,638
Frontier Oil Corp.	8,500		48,777		57,911
Frozen Food Express	1,700		11,981		12,963
Funco Inc.	6,000		99,359		110,628
G & K Services Inc. - Cl A	4,000		103,459		209,500
GATX Corporation	15,600		539,028		593,783

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
GBC Bancorp	1,100	\$	19,352	\$	22,275
GPU Inc.	2,500		89,666		105,470
GTE Corp.	93,200		4,894,867		7,036,600
Galey & Lord Inc.	4,100		47,016		17,938
Gannett Co Inc.	5,700		300,976		406,838
The Gap, Inc.	17,400		204,244		876,525
Garan Inc.	1,300		33,989		41,763
Garden Ridge Corp.	6,300		38,861		29,925
Gateway Inc.	3,200		186,122		189,002
General Chemical Group Inc.	7,100		42,892		22,188
General Cigar Holdings Inc.	9,200		68,317		71,880
General Dynamics Corporation	2,600		80,900		179,075
General Electric Co.	120,300		5,049,686		13,593,900
General Instrument Corp.	3,500		68,773		148,750
General Mills, Inc.	3,100		204,044		249,163
General Motors Corp.	53,900		2,792,880		3,557,400
General Semiconductor-Spin Off From	65,800		823,438		600,425
Genesco Inc.	7,100		38,346		103,397
Genesee & Wyoming Inc. - CI A	1,700		17,301		17,532
Genesis Health Ventures Inc.	12,100		54,211		36,300
Gentek Inc.	7,100		119,831		98,513
Genuine Parts Company	3,600		124,494		126,000
Genzyme Corporation	14,800		480,546		717,800
Genzyme Surgical Products	2,649		10,308		11,673
Georgia Gulf Corporation	14,000		316,527		236,250
Georgia-Pac	3,500		108,723		165,813
Giant Cement Holding Inc.	3,200		60,234		73,200
Gillette Co.	22,400		1,079,990		918,400
Gleason Corp	1,000		18,270		16,813
Glenayre Technologies, Inc.	37,000		525,054		132,978
Golden West Financial Corp.	1,100		80,528		107,800
Goodrich (B.F.) Co.	16,300		617,973		692,750
Goodyear Tire & Rubber Co.	3,200		199,959		188,202
Goody's Family Clothing Inc.	3,700		35,915		42,321
Grace, W.R. & Co.	1,400		18,028		26,600
Gradco Systems Inc.	2,900		7,143		7,613
W. W. Grainger, Inc.	1,900		90,612		102,245
Great Atlantic & Pacific Tea Co.	800		21,747		27,050
Great Lakes Chemical Corporation	1,200		55,151		55,276
Greenbrier Companies Inc.	5,300		53,993		55,650

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Hovnanian Enterprises - A	14,700	\$	159,245	\$	128,625
Hughes Supply, Inc.	4,600		106,518		136,565
Humana Inc.	3,400		78,864		43,989
Hunt (Jb) Transprt Svcs Inc.	12,500		188,923		203,125
Huntington Bancshares	4,260		128,276		149,100
Hurco Companies Inc.	2,300		9,919		11,500
Hvide Marine Inc. - CI A	14,900		189,290		32,124
IBP, Inc.	24,500		536,173		581,875
IMC Global, Inc.	42,300		1,449,011		734,963
IMS Health Inc.	6,400		117,715		200,000
ISS Group Inc.	9,000		264,632		339,750
ITEG Inc.	5,300		11,451		11,098
ITTT Educational Services Inc.	24,400		866,839		635,937
ITTT Industries Inc.	1,800		46,555		68,625
IKON Office Solutions Inc.	3,200		80,677		48,000
Illinois Tool Works, Inc.	5,100		266,428		416,925
Inacom Corp.	15,000		495,699		189,375
Information Holdings Inc.	31,100		372,340		610,338
Infousa Inc - CI A	16,300		151,668		138,550
Ingersoll-Rand Company	10,900		613,948		704,413
Insignia Finl Group Inc.- CI	25,366		313,925		266,343
Innovative Clinical Solution	25,200		192,820		37,019
Integrated Health Services	17,800		182,504		142,400
Intel Corporation	86,000		2,961,429		5,117,000
Interface Inc.	17,600		152,844		151,800
Intermet Corp.	25,000		472,529		378,125
International Aluminum Co.	1,200		36,921		33,000
International Business Machines	129,500		7,306,267		16,737,875
Intl Flavors & Fragrances	2,100		104,383		92,400
International Paper	8,327		398,127		418,432
Intl Specialty Products Inc.	17,500		142,075		178,290
Interpool Inc.	26,900		257,827		349,700
Interpublic Group	2,850		124,496		246,881
Intimate Brands Inc.	95,760		2,974,648		4,536,630
Isle Of Capri Casinos	300		1,086		2,063
Ivex Packaging Corp.	25,500		538,300		561,000
Jan Bell Marketing Inc	9,800		30,788		34,300
Jason, Inc.	19,700		168,898		157,600
Jefferson Pilot Corp.	2,150		100,425		142,304
Johnson & Johnson	64,170		3,382,964		6,288,660

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Johnson Controls	18,300	\$	989,467	\$	1,268,428
Jones Apparel Group (Jones Of Ny)	6,263		364,800		214,902
Jos A Bank Clothiers	2,000		12,748		12,750
Jostens Inc.	800		21,239		16,850
Justin Industries	600		6,431		8,363
KLA Instruments Corp.	1,800		135,225		116,775
Kmart Corporation Com.	10,200		124,392		168,300
K - Tron International Inc.	1,000		18,395		17,625
K2 Inc.	5,800		53,585		51,840
Kaiser Aluminum Corp.	10,600		99,320		94,075
Kaman Corp - Cl A	8,200		112,542		128,642
Kansas City South Industrues Inc.	2,200		124,207		140,389
Kaufman & Broad Home Corp.	900		15,996		22,388
Kellogg Company	8,200		374,340		270,600
Kellwood Co.	2,300		54,540		62,388
Kemet Corp.	42,700		949,333		979,453
Kennametal, Inc.	9,000		189,124		279,000
Kent Electronics Corp.	21,500		480,574		425,980
Kerr-Mcgee Corporation	1,722		106,793		86,424
Keycorp	9,100		236,459		292,338
Keystone Cons, Inds. Inc.	900		10,985		5,963
Kimberly Clark Corporation	10,800		576,461		615,600
Kingworld Productions Inc.	19,600		561,146		682,335
Kitty Hawk Inc.	5,900		52,976		46,463
Knight-Rider Inc.	6,600		347,748		363,416
Kohls Corp.	3,300		159,266		253,688
Koss Corp.	1,000		11,280		12,125
Kroger Co.	16,800		288,060		469,358
LSI Logic Corp.	29,900		704,248		1,379,138
L-3 Communications Holdgs Inc.	10,900		345,534		526,612
Lacrosse Footwear Inc.	6,100		65,057		47,275
Lady Luck Gaming Corp.	1,700		7,595		7,863
Lakes Gaming Inc.	3,200		29,336		35,002
Landamerica Financial Group	5,400		157,378		155,250
Landry's Seafood Restaurants	10,400		82,831		83,200
Lattice Semiconductor Corp.	9,600		381,676		597,600
Lawson Products, Inc.	10,900		287,374		274,549
Lear Corporation	17,400		891,493		865,650
Lehman Brothers Holding Inc.	2,400		131,969		149,100
Liberty Property Trust	13,300		319,599		330,838

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Lifetime Hoan Corp.	3,600	\$	32,779	\$	32,850
Lilly Eli & Co Com	22,300		1,251,210		1,597,238
The Limited Inc.	4,332		85,616		196,565
Lincoln National Corporation Indiana	4,100		133,778		214,483
Lindberg Corp.	1,700		17,180		19,125
Liz Claiborne Inc.	1,300		62,801		47,450
Lockheed Martin Corp.	15,600		701,867		581,100
Lodgian Inc.	9,800		53,507		64,317
Loew'S Corp.	7,800		659,595		617,175
Longs Drug Stores Inc.	800		21,358		27,650
Louisiana Pacific Corporation	2,200		47,561		52,525
Lowe's Cos., Inc.	7,500		152,162		425,160
Lucent Technologies, Inc.	164,555		5,534,695		11,097,260
Lufkin Industries Inc.	1,600		51,271		32,000
Lydall, Inc.	15,600		338,113		179,400
M & F Worldwide Corp.	7,200		74,608		57,154
MBIA, Inc.	2,000		121,612		129,500
MBNA Corporation	16,225		275,132		496,891
MCN Corporation	23,600		387,661		489,700
MCI Worldcom Inc.	133,143		5,908,977		11,458,686
MGIC Investment Corp.	2,200		107,443		106,975
MIM Corp.	6,200		14,657		15,116
M/I Schottenstein Homes Inc.	2,500		46,370		46,095
MMI Companies Inc.	5,500		81,234		92,813
MSC, Software Corp.	13,100		122,442		76,150
Mack-Cali Realty Corp.	13,300		378,053		411,475
Magnetek Inc.	30,700		506,594		324,284
Main Street & Main Inc.	3,500		11,618		12,033
Mallinckrodt Inc.	25,700		696,770		934,838
Marine Drilling Co. Inc.	800		6,075		10,950
Mark IV Industries Inc.	9,500		136,032		200,688
Marsh & McLennan Cos.	21,600		918,854		1,634,861
Marriott Corporation Class A	5,100		172,181		190,613
Marshall Industries	7,000		180,670		251,566
Masco Corporation	6,800		142,031		196,350
Mascotech Inc.	15,700		264,352		265,927
Material Sciences Corp	4,000		44,507		60,000
Mattel, Inc.	30,600		834,671		799,425
Maxwell Shoe Company Inc - A	2,800		25,459		25,376
May Dept Stores Co. Com.	33,600		1,299,906		1,373,400

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Maxxim Medical Inc.	1,500	\$	22,693	\$	34,970
Maytag Corp.	1,800		35,172		125,663
McCormick and Co. Inc.	7,900		240,803		249,348
McDermott Intl. Inc.	1,300		40,589		36,725
Mc Donalds Corporation	44,500		1,356,016		1,830,063
McGraw-Hill, Inc.	29,000		1,489,566		1,564,202
McKesson Hhoc Inc.	5,607		399,244		180,478
Mead Corporation	28,300		856,253		1,181,525
Meadow Valley Corp.	1,300		5,889		5,688
Media Arts Group Inc.	3,700		33,837		16,188
Media One Group	12,300		249,669		914,813
Medtronic Inc.	68,034		3,742,293		5,298,148
Medstone International Inc.	1,600		12,048		11,800
Mellon Bank Corporation	10,500		250,144		381,938
Memberworks, Inc.	49,200		888,931		1,426,800
Mercantile Bancorp., Inc.	3,200		178,722		182,800
Merchants Bancshares Inc. Common Stk	1,200		26,736		27,300
Merck & Co. Inc.	47,800		1,024,341		3,519,275
Mercury Air Group Inc.	2,300		15,076		15,238
Meredith Corp.	1,100		32,652		38,088
Merrill Corporation	5,600		87,477		81,200
Merrill Lynch	7,400		463,520		588,300
Mesa Laboratories Inc.	1,200		6,130		6,000
Metals USA	12,800		109,406		163,200
Metamor Worldwide Inc.	18,500		449,621		445,166
Metris Companies Inc.	14,400		330,376		586,800
Metrika Systems Corp.	2,300		18,251		20,125
Metrowest Bank\Mass	4,400		26,696		30,800
Michael Anthony Jewelers Inc.	2,400		9,144		9,751
Michael Foods Inc.	6,100		112,425		143,350
Microsoft Corporation	161,300		4,045,986		14,547,324
Micropchip Technology Inc.	28,900		767,530		1,369,138
Micron Technology, Inc.	5,100		211,183		206,550
Midamerican Energy Holdings Co.	30,600		700,714		1,059,525
Midland Co.	3,300		92,335		83,738
Midway Games Inc.	9,600		97,776		124,205
Mikasa Inc.	10,500		145,009		118,787
Milacron Inc.	39,400		906,337		728,900
Miller Building Systems Inc.	1,100		7,252		6,463
Millipore Corporation	900		39,503		36,507

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Minnesota Mng. & Mfg. Co. Com.	16,400	\$	1,478,027	\$	1,425,783
Mirage Resorts, Inc.	4,000		104,537		67,000
Mobil Corporation	15,800		629,712		1,560,250
Modine Manufacturing Co.	5,600		153,293		182,353
Monarch Dental Corp.	4,300		13,835		13,571
Monro Muffler Brake Inc.	5,200		76,258		41,600
Monsanto	34,000		1,365,009		1,345,142
Moore Medical Corp.	1,000		10,492		10,438
J. P. Morgan & Company	3,600		391,249		505,800
Morgan St. Dean Witter	42,200		3,464,016		4,330,775
Motorcar Parts & Accessories	4,000		62,292		21,500
Motorola Inc.	31,700		2,435,360		3,003,575
NFO Worldwide Inc.	4,100		55,393		57,400
NI Industries	4,600		54,691		51,175
NN Ball & Roller Inc.	1,500		7,592		8,625
Nymagic Inc.	3,000		84,930		46,875
Nabisco Group Holdings	6,600		117,513		129,116
Nabors Industries Inc	84,500		1,917,246		2,059,688
Nacco Industries - CI A	2,200		193,585		161,700
Nalco Chemical Co.	5,600		199,654		290,500
Nash Finch Co.	11,100		170,766		112,043
National City Bancorporation	3,100		58,575		64,713
National City Corp.	36,400		2,485,058		2,384,200
National Equipment Services	29,500		371,064		354,000
National-Oilwell Inc.	15,600		184,041		218,400
National Semiconductor Corp.	3,400		99,188		86,064
National Service Industries	900		44,660		32,400
National Steel Corp. - CI B	27,100		323,413		226,963
National Technical Sys. Inc.	2,900		12,782		11,963
Navigators Group Inc.	8,200		152,766		123,000
Natures Sunshine Prods Inc.	6,300		75,874		66,150
Nautica Enterprises Inc.	8,900		126,573		150,188
Navistar International	1,300		23,385		65,000
Neomagic Corp.	9,100		103,242		76,495
Network Appliance Inc.	1,400		70,088		78,225
New Century Energies, Inc.	2,300		111,165		89,270
New York Times Co. Class A	3,600		94,052		132,527
Newell Rubbermaid Inc.	5,701		221,932		264,384
Newmont Mining Corporation	3,400		122,113		67,575
Nextel Communications Inc.	6,000		197,391		301,128

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Niagara Corp. (Del)	1,000	\$	6,528	\$	5,688
Niagara Mohawk Holdings Inc.	3,800		38,309		61,039
Nicor, Inc.	1,000		36,198		38,063
Nike Inc Class B	5,700		329,193		361,238
Nokia Corp-Adr Pref	63,400		3,770,413		5,805,094
Nordstrom, Inc.	2,900		70,786		97,150
Norfolk Southern	7,700		271,698		231,963
Nortel Networks Corps.	13,480		653,719		1,170,239
North Fork Bancorporation	500		10,908		10,688
Northern States Power - Mn	3,100		81,585		74,983
Northern Trust Co.	2,500		175,822		242,500
Northrop Grumman Corporation	19,100		1,291,788		1,266,578
Northwest Pipe Company	1,800		28,067		29,925
Nova Corp./Georgia	37,500		1,004,962		937,500
NU Horizons Elec, Corp.	3,100		17,773		21,895
Novell Inc.	6,800		48,055		180,200
Nucor Corp.	1,800		103,367		85,388
O I Corporation	1,000		4,358		4,438
Oak Industries Inc.	22,400		558,865		982,800
Occidental Petroleum Corp.	7,000		179,219		147,875
Oceaneering International Inc.	4,300		45,343		69,338
Office Depot Inc.	7,500		169,050		165,473
Offshore Logistics	20,800		352,692		231,400
Ogden Corporation	12,100		309,906		325,950
Oglebay Norton Co.	1,400		30,886		31,150
Old Dominion Freight Line	5,200		83,833		61,750
Old Republic Intl. Corp.	87,900		1,780,095		1,521,813
Olsten Corp.	8,100		48,087		51,135
Omnicare, Inc.	33,700		745,059		425,463
Omnicom Group, Inc.	20,000		498,618		1,600,000
Oneok Inc.	700		23,326		22,225
Ontrack Data International	2,800		10,837		13,476
Oracle Systems Corporation	29,150		638,443		1,082,194
Orion Capital Corporation	2,400		72,294		86,100
Oroamerica Inc.	2,200		17,804		15,400
Owens Corning	1,200		49,886		41,250
Owens - Illinois	3,200		117,620		104,602
Oxford Industries Inc.	7,900		279,935		223,673
P.A.M. Transportation Svcs.	5,200		46,683		51,350
Peco Energy Co.	3,900		84,172		163,313

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
P G & E Corporation	57,200	\$	1,753,713	\$	1,855,454
PE Corp - Pe Biosystems Group	1,000		71,639		114,750
PMC Sierra Inc.	10,800		149,495		636,530
PNC Bank Corp.	13,200		663,699		760,650
P P & L Resources Inc.	3,199		64,144		98,369
PPG Industries	3,500		207,492		206,721
PSC Inc.	3,600		35,869		35,327
PSS World Medical Inc.	82,500		1,339,785		923,010
Paccar, Inc.	1,600		74,624		85,400
Pacific Century Finl Corp.	7,800		162,137		168,191
Pacificorp.	6,000		135,651		110,250
Packaged Ice Inc.	9,200		78,200		54,630
Paine Webber Group	3,000		128,903		140,250
Pall Corp.	2,500		58,910		55,470
Pamida Holdings	1,000		3,810		11,500
Parametric Technology Corporation	5,500		120,085		76,313
Parker-Hannifin Corp.	4,800		171,062		219,600
Parkvale Financial Corp.	1,900		40,907		41,325
Patrick Industries Inc.	3,700		56,704		57,813
Paul Harris Stores	3,100		21,253		21,120
Paychex Inc.	5,000		171,875		159,375
Pediatric Medical Group Inc.	1,200		22,902		25,500
Penn-America Group, Inc.	6,200		80,461		64,325
Penn Engineering & Mfg Corp.	300		6,618		6,750
Penn Treaty Amer Corp.	2,300		56,827		55,345
Penney J C Inc.	5,300		279,874		257,384
Penton Media Inc	4,800		93,600		116,400
Peoples Energy Corp.	800		30,466		30,150
Peoples Heritage Fin'L Group	45,400		1,003,968		854,110
Peoplesoft Inc.	4,900		157,018		84,525
Pep Boys Manny, Moe, & Jack	1,208		41,934		25,368
Pepsi Co Inc. Capital Stock	29,900		1,084,524		1,156,771
Percon Inc.	1,200		9,336		9,676
Performance Food Group Co.	17,300		357,962		470,352
Perini Corp.	2,100		14,217		11,945
Personnel Group Of Amer Inc.	74,200		1,032,351		742,000
Petroleum Development Corp.	2,900		8,693		12,145
Pharmacia & Upjohn Inc.	65,200		3,416,235		3,704,208
Pfizer Inc. Com.	35,100		2,366,227		3,825,900
Pharmaceutical Product Devel	22,500		503,350		615,938

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Phelps Dodge	1,200	\$	102,202	\$	74,326
Philip Morris Cos.	48,800		913,865		1,961,174
Phillips Petroleum Co.	10,900		493,813		548,412
Physicians Specialty Corp.	1,100		8,066		10,519
Piccadilly Cafeterias Inc.	1,800		24,183		14,963
Pier 1 Imports Inc/Del	7,900		60,264		88,875
Pilgrims Pride Corp - CI B	2,500		47,001		75,000
Pillowtex Corp.	4,700		57,522		76,671
Pinnacle West Capital	21,100		865,841		849,275
Pioneer Hi Bred International	4,800		128,714		186,902
Pioneer Standard Electronics	29,900		336,857		358,800
Pitney Bowes, Inc.	5,400		194,235		346,950
Pittston Burlington Group	2,900		23,964		27,550
Pizza Inn Inc.	3,900		14,072		13,042
Play By Play Toy & Novelties	6,900		72,510		28,249
Pogo Producing Co.	17,600		417,269		327,800
Polaroid Corp.	1,000		59,046		27,500
Polymer Group, Inc.	17,200		277,620		202,100
Potlatch Corp.	600		27,856		26,363
Powell Industries Inc.	6,700		83,643		61,975
Praxair Inc.	3,200		181,746		156,602
Prepaid Legal Services Inc.	19,200		637,213		520,800
Premark International Inc.	15,700		523,885		588,750
Premier Parks, Inc.	47,400		645,720		1,741,950
Primesource Corp	1,900		9,904		11,638
Primark Corp.	36,000		953,045		1,010,268
Prime Hospitality Corp.	16,600		153,274		199,200
Pride International Inc.	15,200		127,866		160,558
Procter & Gamble Co. Com.	38,000		2,696,593		3,391,500
Professionals Group Inc.	900		22,759		30,375
Professional Detailing Inc.	400		9,413		9,400
Profit Recovery Group Intl.	3,400		152,445		160,864
Progressive Corporation Ohio	1,500		154,523		217,500
Promedco Management Company	6,100		33,889		23,448
Prophet 21 Inc.	1,100		8,764		7,975
Province Healthcare Co.	26,000		695,631		507,000
Providian Financial Corp.	2,850		59,888		265,763
Public Service Co. New Mexico	39,700		911,314		789,038
Public Service Enterprise Gp	4,400		109,323		179,577
Public Storage, Inc.	19,200		552,073		537,600

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Pulte Corp.	1,000	\$	18,380	\$	23,063
Quaker Chemical Corp.	2,200		40,179		35,750
Quaker Oats	2,700		113,721		179,213
Quanex Corp.	4,300		80,069		122,550
Questar Corp.	12,700		254,696		242,888
Quintel Communications Inc.	17,700		56,341		26,550
Quorum Health Group Inc.	7,200		63,482		90,454
R & B Inc.	2,500		20,856		20,625
RDO Equipment Company - Cl A	4,000		35,476		37,500
RF Monolithics Inc.	1,600		10,646		15,600
Phillips (R.H.) Inc.	1,500		4,686		5,109
RPC Inc.	3,200		22,921		28,000
RTI International Metals Inc.	9,900		231,386		145,411
Railtex Inc.	5,700		82,121		79,088
Rainforest Cafe Inc.	7,400		38,729		37,466
Ralston-Ralston Purina Group	6,600		173,670		200,891
Raven Industries Inc.	1,400		22,180		22,400
Raychem Corp.	1,600		59,722		59,200
Raytel Medical Corp.	2,900		12,112		13,413
Raytheon Co Com Class B	8,900		471,005		627,450
Realty Information Group Inc.	10,350		366,041		450,225
Recoton Corp.	3,900		59,162		35,467
Reebok International Limited	1,100		50,728		20,488
Refac	1,100		7,079		7,150
Regal Beloit	5,900		137,551		139,388
Regions Financial Corp.	4,500		155,250		172,971
Rehabcare Group Inc.	2,200		33,044		40,564
Reliance Steel & Aluminum	3,500		89,580		136,500
Reliant Energy Inc.	17,703		463,951		489,045
Remedytemp Inc - Cl A	3,000		31,748		40,500
Renal Care Group Inc.	15,600		409,349		403,650
Rent-A-Center Inc.	11,100		327,944		266,400
Republic Group Inc.	1,100		21,860		19,800
Republic New York Corp.	2,100		97,049		143,195
Republic Services Inc.	130,200		2,249,849		3,222,450
Resource Bancshares Mtg Grp.	13,200		266,124		135,300
Response Oncology Inc.	4,000		14,302		11,752
Rex Stores Corp.	7,300		94,997		217,635
Reynolds Metals	1,300		93,335		76,700
RJ Reynolds Tobacco Holdings	1		27		32

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Richardson Elec. Ltd.	4,000	\$	25,641	\$	27,252
Richfood Holdings Inc.	5,000		64,988		88,125
Rite Aid Corporation	5,200		131,979		128,050
Riviera Tool Co.	1,000		4,833		4,938
Roadway Express Inc.	19,500		350,932		377,813
Roanoke Electric Steel Corp	3,700		41,713		64,288
Rock-Tenn Company - Cl A	17,600		273,831		293,709
Rockwell Intl. Corp.	3,900		161,042		236,925
Rocky Shoes & Boots Inc.	400		5,529		3,325
Rohm & Haas Company	4,296		205,498		184,178
Rohn Industries Inc.	8,000		33,195		11,000
Rollins Truck Leasing Corp.	27,600		292,283		307,050
Rouge Industries Inc. - Cl A	3,700		32,912		36,075
Rouse Co.	26,400		820,100		669,900
Rowan Companies Inc.	1,700		42,695		31,025
Rural/Metro Corp.	4,100		34,142		39,463
Rush Enterprises Inc.	2,200		23,304		35,475
Russell Corporation	700		21,364		13,650
Ryans Family Steak Houses, Inc.	33,300		352,976		387,113
Ryder System Inc.	36,400		1,116,532		937,300
Ryland Group Inc.	4,700		121,932		139,534
S & K Famous Brands Inc. Common Stk	1,500		14,393		13,969
SBC Communications Inc.	71,400		2,600,757		4,141,200
SCPIE Holdings Inc.	1,100		26,447		35,888
SLM Holding Corp.	3,300		161,766		151,183
SM&A	30,800		487,116		234,850
SOS Staffing Services	3,800		29,861		19,950
Safeco Corp.	2,800		132,130		123,550
Safeskin Corp.	17,700		149,492		212,400
Safeway, Inc.	10,100		555,049		499,950
St Jude Medical Inc.	1,746		67,078		62,201
St Paul Companies Inc.	4,622		190,145		147,040
Sanderson Farms Inc.	1,500		19,114		21,375
Sanmina Corp.	10,600		409,228		804,275
Sara Lee Corporation	41,800		924,464		948,358
Savoir Technology Group Inc.	3,600		33,971		33,750
Schein Pharmaceutical Inc.	9,800		211,190		118,217
Schering Plough	29,800		736,088		1,564,500
Schlumberger Limited	11,100		732,824		706,937
Schulman A Inc.	30,200		641,637		519,078

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	SHARES		COST		FAIR VALUE
Schwab (Charles) Corp.	8,250	\$	152,345	\$	899,250
Schweitzer-Mauduit Intl. Inc.	9,600		259,669		144,000
Scientific - Atlanta, Inc.	1,500		32,796		54,000
Scripps Co. (E.W.) - CI A	8,800		361,240		418,554
Seagate Technology	4,500		159,826		115,313
Seacor Smit Inc.	4,700		265,067		251,450
Sealed Air Corp.	1,664		92,473		107,952
Sears Roebuck & Co.	7,700		422,284		343,135
Selective Insurance Group	14,100		304,299		268,788
Sempra Energy	56,907		1,477,248		1,287,521
Serologicals Corporation	2,500		18,591		20,313
Service Corp. International	5,500		192,835		105,875
Shared Medical Systems Corp.	500		28,286		32,625
Shaw Group Inc.	1,800		15,786		28,575
Shaw Industries Inc.	28,000		610,319		490,000
Sherwin Williams Co.	3,400		107,841		94,350
Shiloh Industries Inc.	4,900		90,927		71,050
Sierra Health Services	7,800		96,183		112,616
Sifco Industries	3,100		67,784		25,575
Sigma-Aldrich Corporation	2,000		68,967		68,876
Silgan Holdings Inc.	4,800		130,092		95,400
Silicon Graphics, Inc.	3,800		64,190		62,225
Simpson Industries	6,900		89,329		70,725
Sizzler International Inc.	9,800		24,476		22,050
Skyline Corp.	1,100		31,466		32,244
Smithway Motor Xpress - CI A	1,500		14,670		15,000
Snap-On, Inc.	1,350		37,169		48,854
Sola International Inc.	29,400		748,942		571,477
Solelectron Corp.	5,100		238,958		340,109
Sonat, Inc.	2,200		111,134		72,875
Sonoco Products Co.	37,000		1,111,373		1,107,706
Southern Co.	14,100		308,332		373,650
Southern Energy Homes Inc.	8,300		83,595		44,098
Southtrust Corp.	3,400		135,575		130,475
Southwest Air	6,775		81,261		210,872
Sovereign Bancorp Inc.	66,200		934,209		802,675
Spacehab Inc.	1,100		7,584		5,638
Special Metals Corp.	6,100		90,940		35,459
Specialty Care Network Inc.	4,400		19,415		7,700
Specialty Equipment Cos.	7,200		161,951		211,954

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Splash Technology Holdings	4,000	\$	26,531	\$	28,124
Sport Supply Group Inc.	1,100		9,939		11,138
Springs Industries Inc. - CI A	400		20,008		17,450
Sprint Corporation	17,500		425,264		927,500
Sprint Corp. (Pcs Group)	8,950		131,895		510,150
Staff Leasing Inc.	3,200		37,496		41,200
Standard Commercial Corp.	7,700		81,477		45,238
Standard Management Corp	2,100		12,910		13,782
Standard Pacific Corp.	10,700		137,991		139,100
Standard Products Company	10,100		293,689		258,813
Standex International Corp.	4,500		129,145		123,188
Stanley Works	1,800		77,575		57,938
Staples Inc.	9,400		218,934		290,817
Starrett (L.S.) Co. - CI A	4,100		157,092		110,188
State Street Corp.	3,300		174,331		281,738
Steel Technologies Inc.	7,200		74,272		67,954
Stepan Co.	500		15,134		12,688
Stephan Company (The)	1,500		7,343		6,282
Sterling Finl Corp./Spokane	2,400		32,472		33,151
Stewart & Stevenson Services	1,100		8,119		16,775
Stewart Enterprises, Inc. - CI A	34,100		491,779		496,598
Stewart Info. Svcs.	4,800		76,398		101,400
Structural Dynamics Research	50,500		1,034,010		937,432
Suburban Lodges Of America	4,400		29,600		28,327
Summa Industries	1,400		12,986		18,113
Summit Bancorp	3,500		175,070		146,346
Sun Microsystems	25,700		520,377		1,770,088
Sun Hydraulics Corp.	1,300		10,602		10,644
Sungard Data Systems, Inc.	22,800		439,864		786,600
Sunoco Inc.	36,500		1,176,634		1,101,862
Sunrise Assisted Living Inc.	10,900		449,678		380,138
Sunrise Intl. Leasing Corp.	2,400		8,044		10,800
Sun Trust Bank Inc.	6,500		414,861		451,347
Superior Energy Services Inc.	17,500		91,267		89,145
Super Valu Stores	41,200		912,969		1,066,050
Suprema Specialties Inc.	300		1,444		2,081
Supreme Inds Inc	6,930		79,675		67,138
Sylvan Inc.	1,800		17,530		20,925
Syms Corp.	10,700		143,969		86,938
Synovus Financial Corp.	5,500		118,232		109,313

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Sysco Corp.	6,700	\$	125,211	\$	199,747
Systemax Inc.	10,800		108,648		133,650
Synthetic Industries Inc.	2,200		32,813		64,900
TBC Corp.	21,900		142,918		154,680
TB Wood's Corp.	700		7,495		7,657
TJX Companies Inc.	6,500		54,422		216,535
TNP Enterprises Inc.	3,800		124,982		137,750
TRW Inc.	2,400		138,833		131,700
Tandy Corp.	3,900		41,667		190,613
Tektronix, Inc.	1,000		41,985		30,188
Tellabs, Inc.	7,900		224,105		533,748
Temple-Inland, Inc.	1,100		63,690		75,488
Tenet Healthcare Corporation	6,265		138,558		116,297
Tenneco Inc.	3,400		154,457		81,175
Texaco Inc.	26,200		1,232,459		1,634,225
Texas Industries Inc.	6,600		174,806		255,750
Texas Instruments, Inc.	7,900		349,414		1,137,600
Texas Utilities Co.	5,682		202,868		235,451
Textron, Inc.	13,100		1,077,840		1,078,300
Thermo Electronics Corp	3,200		102,674		64,202
Thomas & Betts Corporation	1,200		65,787		56,700
3 Com Corp.	14,400		791,441		384,307
3DFX Interactive Inc.	3,320		46,392		51,875
Timberland Company	3,500		155,256		238,221
Time Warner Inc.	132,700		5,080,899		9,637,338
Times Mirror Co.- CI A	1,500		86,847		88,875
Timken Co.	18,500		487,737		360,750
Titanium Metals Corporation	22,700		471,091		255,375
Toll Brothers Inc.	10,600		200,616		227,243
Torchmark Corp.	2,700		83,768		92,138
Tosco Corporation	36,700		1,014,080		951,925
Total Renal Care Holdings, Inc.	57,900		1,166,053		901,098
Toys R Us	35,500		862,781		734,424
Transamerica Corp.	2,500		117,154		187,500
Transport Corp Of America Inc.	6,400		110,656		82,400
Transtecholgy Corp.	3,800		102,170		74,814
Trenwick Group Inc.	11,400		437,219		281,078
Tricon Global Restaurants	3,100		92,395		167,788
Tribune Co.	2,400		119,036		209,100
Trico Marine Services Inc.	19,300		248,573		126,666

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Triumph Group Inc.	4,600	\$	117,895	\$	117,300
Tupperware Corporation	1,300		46,043		33,150
Tyco International Ltd.	100,772		4,476,621		9,548,147
UAL Corp.	6,000		529,433		387,750
UCAR International, Inc.	40,200		1,122,700		1,015,050
USX Marathon Group	60,800		1,988,099		1,979,830
UST Inc.	3,900		111,774		114,321
USA Truck Inc.	2,700		23,284		24,721
U.S. Bancorp.	35,454		1,095,452		1,183,277
Unum Corp.	2,600		116,694		142,350
Usana Inc. Stk	500		4,078		4,125
USG Corp.	4,500		213,140		252,000
U.S. Foodservice	30,700		964,864		1,308,588
USX - U.S. Steel Group	42,300		1,652,274		1,142,100
U.S. Xpress Enterprises, Inc.	13,600		158,095		145,357
Ultramar Diamond Shamrock Cp.	24,500		564,728		534,419
Unico American Corp.	1,800		17,824		18,338
Unifi, Inc.	5,400		78,480		114,750
Unifirst Corp.	6,100		104,066		112,088
Unilever Nv New York	11,578		721,508		807,566
Unicom Corporation	4,400		99,530		169,677
Union Carbide Corp. Hldg. Co.	2,700		131,762		131,625
Union Pacific Corporation	5,000		358,153		291,565
Union Pacific Resources Grp.	5,100		127,307		83,196
Union Planters Corp.	2,900		145,783		129,595
Unisys Corp.	5,500		70,001		214,159
United Healthcare Corp.	29,200		1,570,933		1,828,650
US Air Group Co.	1,500		64,393		65,345
US Home Corp.	7,000		294,560		248,500
US West Inc.	39,901		1,923,762		2,344,184
U.S. Trust Corp.	21,900		1,816,043		2,025,750
United Technologies	9,800		431,017		705,600
United Wisconsin Services	7,200		78,781		57,600
Unitil Corp.	2,700		64,685		68,008
Universal Corporation	3,400		91,367		96,689
Universal Stainless & Alloy	3,700		18,155		21,275
Unocal Corp.	19,800		809,654		784,575
Unumprovident Corp.	2,190		104,793		119,903
USfreightways Corporation	24,800		764,870		1,148,562
USBancorp Inc. - PA	2,400		36,680		37,800

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Utah Medical Products Inc.	2,500	\$	15,174	\$	19,375
VDI Media	2,800		15,152		18,200
V F Corporation	2,400		74,684		102,600
Varco International Inc.	12,300		94,776		133,000
Varlen Corp.	2,100		59,126		85,050
Veeco Instruments Inc.	17,600		671,965		598,400
Veritas Dgc Inc.	6,400		103,711		117,203
Vestcom International Inc.	3,000		14,498		10,500
Vertex Communications Corp.	3,100		72,727		42,433
Viacom Inc. - Cl "B"	51,800		1,855,469		2,279,200
Video Display Corp.	100		462		481
Visio Corp.	5,800		197,146		220,765
Vivid Technologies Inc.	1,000		7,814		3,500
Vodafone Airtouch Plc Sponsored Ads	27,200		5,856,500		5,358,400
Volt Info Sciences Inc.	8,000		375,567		183,000
Vulcan Materials Co.	2,000		96,580		96,580
WLR Foods Inc.	5,000		39,597		40,625
Wabash National Corp.	7,700		93,145		149,188
Wachovia Corporation	4,100		263,251		350,808
Wal-Mart Stores, Inc.	124,800		3,237,597		6,021,600
Walgreen Co.	20,300		282,366		596,313
Warnaco Group - Cl A	14,500		446,948		387,875
Warner Lambert Co.	33,800		2,047,904		2,336,425
Washington Homes Inc.	2,700		14,398		17,383
Washington Mutual Inc.	68,417		2,948,164		2,433,114
Waste Management Inc.	87,837		4,200,858		4,721,239
Waters Corp.	99,000		4,021,658		5,259,375
Watson Pharmaceutical Inc.	1,900		84,944		66,620
Watts Industries Inc. Class A	25,800		653,343		495,050
Webb (Del E.) Corp.	16,800		471,132		401,100
Webco Industries	2,900		17,574		14,863
Wellman Inc.	9,500		120,436		151,411
Wellpoint Health Networks-A	1,300		112,489		110,338
Wells Fargo Company(1998)	42,900		1,359,186		1,833,975
Wendy's International, Inc.	5,300		148,326		151,050
Westaff Inc.	2,700		16,126		15,863
Western Resources Inc.	7,100		250,186		189,038
Westvaco Corp.	2,000		63,805		58,000
Weyerhaeuser Co.	4,100		213,781		281,875
Whirlpool Corporation	1,500		81,100		111,000

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Willamette Industries Inc.	2,300	\$	81,007	\$	105,945
Williams Companies Inc.	8,800		219,254		374,554
Winn-Dixie Stores Inc.	3,000		110,894		110,814
Winsloew Furniture Inc.	2,200		40,469		73,975
Wolverine Tube, Inc.	4,300		97,052		108,038
Wolverine World Wide	9,100		99,162		127,400
Woodhead Industries Inc.	6,400		96,456		78,400
World Acceptance Corp.	5,400		29,525		27,167
World Fuel Services Corp.	3,500		37,489		51,625
Worthington Industries	2,000		37,728		32,876
Wrigley (Wm.) Jr. Co.	2,400		177,531		214,051
Wyman-Gordon Co.	10,500		93,269		202,787
Xerox Corporation	99,400		5,458,568		5,870,862
Yellow Corporation	26,000		472,338		461,500
York Group Inc.	5,300		98,075		39,750
York International Corp.	8,200		340,198		351,067
Zemex Corp (Canada)	1,020		6,560		6,439
Zebra Technologies Corp. - Cl A	29,900		913,532		1,149,296
Fruit Of The Loom, Inc. Class A	1,600		49,574		15,600
SBS Broadcasting Sa	11,500		359,693		370,875
			<u>\$ 514,515,697</u>		<u>\$ 687,342,166</u>

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	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Alcan Aluminium, Ltd. (New)	4,600	\$	160,227	\$	146,915
Barrick Gold Corp.	7,900		177,422		153,063
Inco Ltd.	3,700		110,606		66,600
Laidlaw Inc.	6,700		92,752		49,413
Mutual Risk Management Ltd.	9,900		163,680		330,413
Placer Dome Inc.	5,500		91,891		64,625
Ritchie Bros. Auctioneers	12,200		264,498		465,125
Royal Dutch Petro-Ny Shares	43,400		2,397,539		2,614,850
Seagram Co. Ltd.	8,700		343,286		438,263
British Aerospace	214,000		1,653,976		1,388,899
Bank Of Tokyo - Mitsubishi Lt	110,000		1,596,829		1,565,846
Bridgestone Corporation	57,000		1,293,783		1,723,562
Cable & Wireless PLC	141,000		974,388		1,796,893
CSM - N.R. Cert	28,491		1,467,331		1,423,522
Carrefour Supermarche	13,800		1,369,009		2,027,947
Canon Inc.	63,000		1,424,299		1,811,302
Diageo PLC	133,000		1,463,799		1,388,867
Daiwa House Industry Co. Ltd.	170,000		1,315,253		1,788,028
Enterprise Oil PLC	144,200		664,783		938,725
Ericsson Lm-B	44,000		440,473		1,410,256
Familymart	40,000		1,676,540		1,834,104
Fuji Photo Film Co.	43,000		1,720,381		1,627,065
Fuji Machine Mfg. Co.	50,000		1,631,726		1,540,813
Fanuc	43,000		1,723,719		2,309,154
Futaba	23,000		1,111,524		1,071,712
Hagemeyer Nv	14,122		329,027		461,656
IHC Caland Nv	26,000		1,503,306		1,018,872
Ito-Yokado Co., Ltd.	29,000		1,576,508		1,940,681
Jusco	88,000		1,859,591		1,599,471
Kiekert Ag	18,000		973,493		561,514
Keyence Corporation	9,900		1,042,407		1,732,336
Lasmo PLC	362,000		737,276		827,370
Lvmh (Moet-Hennessy Louis Vui)	8,800		1,449,196		2,576,384
Lend Lease Corp, Ltd.	122,805		1,010,600		1,686,090
Mannesmann Ag	12,000		675,820		1,790,657
Mitsubishi Estate Co. Ltd.	160,000		1,515,920		1,561,137
Nokia Ab - A Shs	20,000		311,427		1,753,120
Novo Nordisk B	11,840		1,240,610		1,279,155
NTT Mobile Communications	85		565,941		1,151,685
NTT Corp.	230		1,856,474		2,679,280

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF FOREIGN STOCK
JUNE 30, 1999

	<u>SHARES</u>		<u>COST</u>		<u>FAIR VALUE</u>
Petroleum Geo-Services	50,000	\$	725,259	\$	752,620
Promise Co., Ltd.	26,000		1,343,426		1,535,856
RMC Group PLC	77,000		1,289,599		1,239,802
Rohm Company	12,000		656,545		1,878,718
Shell Transport & Trading Co.	248,000		1,357,101		1,859,746
Secom	16,000		1,023,191		1,665,565
Shin-Etsu Chemical Co.	58,000		1,155,693		1,940,681
Sony Corp.	20,000		1,386,378		2,156,312
Takeda Chemical IndsS	33,000		609,744		1,529,494
Telecom Corp Of New Zealand	340,000		1,536,681		1,459,344
Tokio Marine & Fire Ins.	150,000		1,681,555		1,629,627
Vodafone Group PLC	100,000		509,527		1,970,304
Volkswagen	25,840		1,458,992		1,654,805
Valeo	16,204		1,451,807		1,336,826
Woodside Petroleum Limited	400,000		1,944,934		2,708,499
Yamanouchi Pharmaceutical	60,000		1,422,844		2,295,109
Yugo Boss - Pfd.	922		1,234,333		1,236,052
			<u>62,764,920</u>		<u>81,444,725</u>
Total Foreign Stock		\$	<u>62,764,920</u>	\$	<u>81,444,725</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF SHORT TERM INVESTMENTS
JUNE 30, 1999

Automatic Sweep Vehicles

Banc One Treasury Securities Fund	\$ 7,285,491
Northern Trust Collective Government STIFF	<u>26,964,101</u>

Total Automatic Sweep Vehicles	<u>34,249,591</u>
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FHLMC Discount Notes	<u>11,387,118</u>
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Total Short Term Investments	<u>\$ 45,636,709</u>
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STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF REAL ESTATE HELD FOR INVESTMENT
JUNE 30, 1999

	<u>COST</u>	<u>FAIR VALUE</u>
Real Estate Held for Investment	\$ <u>2,264,916</u>	\$ <u>2,803,598</u>

STATE OF LOUISIANA
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 1999

EXPENSES	
Salaries	\$ 921,466
Overtime pay	19,667
Related benefits	138,034
Student labor	5,277
Compensation - Board	5,025
	<u>1,089,469</u>
OPERATING EXPENSES	
Professional improvement - staff and Board	<u>49,173</u>
OPERATING SERVICES	
Advertising	140
Printing	19,895
Equipment maintenance	31,295
Building expense	204,721
Dues	2,756
Postage	67,932
Telephone	21,907
Insurance	14,289
Legal	16,792
	<u>379,727</u>
SUPPLIES	
Office	19,407
Computer	18,797
	<u>38,204</u>
PROFESSIONAL SERVICES	
Medical	9,262
Actuary	33,180
Audit	24,680
	<u>67,122</u>
INTERAGENCY TRANSFERS	
Secretary of State	4,050
State Treasurer	291
Civil Service	3,030
	<u>7,371</u>
OTHER CHARGES	
Legiscon	3,300
Miscellaneous expenses	8,391
Computer software	16,533
Internet project	42,022
	<u>70,246</u>
TOTAL EXPENSES	<u>\$ 1,701,312</u>

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
YEAR 2000 ISSUE (UNAUDITED)
JUNE 30, 1999

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Plan's operations.

Information necessary for the performance of actuarial valuations and the determination of contributions is maintained in the accounting and computer systems of the State of Louisiana School Employees' Retirement System and their Trustee banks.

The Plan has completed a process of identifying computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Plan's operations. The systems and equipment have been tested and results reviewed to determine that converted systems operate properly. The Plan's management believes that computer software and hardware are year 2000 compliant.

Every effort has been made to assure that the plan is year 2000 compliant. However, because of the unprecedented nature of the year 2000 issue, its effect and the success of related efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that parties with whom the Plan does business will be year 2000 ready.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1999

August 17, 1999

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

Board of Trustees:

We have audited the financial 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 and for the year ended June 30, 1999, and have issued our report thereon dated August 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Louisiana School Employees' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one 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 record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The Annuity Savings, DROP and Option 5 subsidiary ledgers were not reconciled to the general ledger. Subsidiary ledgers are the sources of account transactions. They offer support to the general ledger accounts and should be balanced to the general ledger on a regular basis.

We recommend the Plan develop a formal reconciliation procedure to ensure the Annuity Savings, DROP and Option 5, subsidiary ledgers are in agreement with the general ledger.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 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.

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.

Duplantier, Chapman, Hogan & Maher LLP

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

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SEP 30 1999
dh
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AMERICAN INSTITUTE OF
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SOCIETY OF LA. C.P.A.'S

August 17, 1999

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

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, 1999 and have issued our report thereon dated August 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

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

Internal Control:

Material weaknesses - None noted
Reportable conditions - Yes

Compliance:

Noncompliance material to financial statements - None noted

C. FEDERAL AWARDS:

N/A

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

99-01 - Plan Net Assets:

The plan net asset subsidiary ledgers were not reconciled to the general ledger.

Subsidiary ledgers are the sources of account transactions. They offer support to the general ledger accounts and should be balanced to the general ledger on a regular basis.

We recommend that LSERS develop timely and formal reconciliation procedures to ensure the annuity savings, DROP and Option 5 subsidiary ledgers are in agreement with the general ledger.

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

NONE



State of Louisiana

SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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http://www.lsers.state.la.us

DIRECTOR
Patrick Cospier

ASSISTANT DIRECTOR
Debra H. Dudley

September 29, 1999

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3rd Retirement District
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Ken Duncan
State Treasurer

Francis C. Heitmeler
Chairman, Senate
Retirement Committee

Victor T. Stelly
Chairman, House
Retirement Committee

GENERAL COUNSEL:

R. Randall Roche

EXLC. SECRETARY:

Michelle Reeves

Mr. Daniel Kyle, Ph.D., CPA, CFE
Legislative Office
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

We are submitting this letter in connection with the audit of the financial statements of the Louisiana School Employees' Retirement System for the year ended June 30, 1999. The firm, Duplantier, Hrapmann, Hogan and Maher, LLP, CPA's conducted the audit, and had the following current year findings and recommendations:

The plan net asset subsidiary ledgers were not reconciled to the general ledger. Subsidiary ledgers are the sources of account transactions. They offer support to the general ledger accounts and should be balanced to the general ledger on a regular basis. We recommend LSERS develop timely and formal reconciliation procedures to ensure the annuity savings, DROP and Option 5 subsidiary ledgers are in agreement with the general ledger.

Our plan of action to correct this reportable condition is as follows:

- 1. The Annuity Savings Reserve, DROP Reserve and Option 5 Reserve account subsidiary ledgers shall be balanced to the General Ledger accounts at the end of each quarter, beginning with the quarter ending September 30, 1999.
2. Any discrepancies between the General Ledger and the subsidiary ledgers shall be investigated and corrected immediately.
3. All corrections shall be fully documented, and explained so as to provide a clear audit trail.

Include social security number and current address on all correspondence

Daniel Kyle
September 29, 1999
Page Two

4. The reconciliation of the accounts, along with all the supporting documentation shall be prepared and submitted to the auditors by August 1 of each fiscal year.

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

Sincerely,

A handwritten signature in cursive script that reads "Patrick Cosper". The signature is written in black ink and is positioned above the typed name and title.

Patrick Cosper
Director

PC/DD/cs