

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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State of Louisiana
School Employees' Retirement System
June 28, 1988

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Release Date OCT 21 1988

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August 26, 1998

Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying general purpose statements of plan net assets of the

State of Louisiana School Employees' Retirement System

a component unit of the State of Louisiana, as of June 30, 1998 and June 30, 1997 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the State of Louisiana School Employees' Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the general purpose 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, 1998 and June 30, 1997, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

WALTER D. WARMOUTH, CPA
CHIEF OF FIRM
JOHN A. HAWTHORN, CPA
OFFICE MANAGER
ROBERT W. CARROLL, CPA
OFFICE MANAGER
WALTER D. WARMOUTH, CPA
50% PARTNER
JOHN A. HAWTHORN, CPA
50% PARTNER
ROBERT W. CARROLL, CPA
50% PARTNER

In accordance with Governmental Auditing Standards, we have also issued our report dated August 28, 1998 on our consideration of the State of Louisiana School Employees' Retirement System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information as of and for the year ended June 30, 1998 is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Yours truly,

Hawthorn, Weymouth & Carroll, L.L.P.

State of Louisiana
 School Employees' Retirement System
 Statement of Plan Net Assets
 June 30, 1998 and June 30, 1997

Assets	1998	1997
Cash and Cash Equivalents	<u>3261,811</u>	<u>3275,183</u>
Receivables		
Member contributions	2,118,302	2,191,034
Employer contributions	1,997,867	1,978,578
Accrued interest and dividends	8,447,406	8,532,736
Investment sale proceeds	2,358,768	11,313,148
Other	<u>73,349</u>	<u>268</u>
Total receivables	<u>17,993,692</u>	<u>34,117,877</u>
Investments, at Fair Value		
U. S. Government obligations	127,718,083	115,444,363
Bonds	484,060,144	382,581,630
Marketable securities		
Domestic	305,471,349	564,388,687
Foreign	80,301,525	67,469,811
Short term investments	35,703,136	58,347,000
Collateral held under securities lending program	218,063,761	279,320,857
Futures and options	<u>13,773</u>	<u> </u>
Total investments	<u>1,655,332,772</u>	<u>1,523,782,730</u>
Property and Equipment, at cost		
Building	5,329,911	5,329,911
Land	1,464,837	1,464,837
Furniture and equipment	<u>669,814</u>	<u>500,383</u>
	7,464,562	7,295,131
Less accumulated depreciation	<u>741,659</u>	<u>562,138</u>
Total property and equipment	<u>6,722,903</u>	<u>6,732,993</u>
Total assets	<u>1,689,948,089</u>	<u>1,557,811,592</u>
Liabilities		
Accounts payable	828,683	816,429
Investment commitments payable	15,171,642	9,629,521
Obligations under securities lending program	218,063,761	215,320,857
Accrued expenses and benefits	<u>175,046</u>	<u>158,770</u>
Total liabilities	<u>237,243,132</u>	<u>225,925,577</u>
Net Assets Held in Trust for Pension Benefits (a schedule of funding progress for the Plan is presented on Page 18)	<u>1,445,807,257</u>	<u>1,271,886,015</u>

The accompanying notes are an integral part of these statements.

State of Louisiana
 School Employers' Retirement System
 Statement of Changes in Plan Net Assets
 Years Ended June 30, 1998 and June 30, 1997

	1998	1997
Additions		
Contributions		
Members	\$14,551,380	\$13,873,112
Employees	<u>13,533,467</u>	<u>13,208,462</u>
Total contributions	<u>27,884,847</u>	<u>27,073,574</u>
Investment Income		
Net appreciation in fair value of investments	153,862,790	153,209,409
Interest	55,471,836	54,847,218
Dividends	8,051,687	7,345,968
Other operating revenue	<u>113,019</u>	<u>299,036</u>
	228,499,323	216,801,631
Less Investment Expense	<u>36,339,424</u>	<u>15,167,877</u>
Net investment income	<u>211,859,859</u>	<u>200,834,555</u>
Total additions	<u>228,896,806</u>	<u>227,898,129</u>
Deductions		
Retirement benefits	60,635,515	55,486,423
Refunds of employee contributions	2,328,858	2,112,846
Administrative expenses	<u>1,820,620</u>	<u>1,737,129</u>
Total deductions	<u>64,825,993</u>	<u>59,335,398</u>
Net Increase	173,021,283	168,572,944
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	1,271,056,456	1,001,513,500
End of Year	<u>1,496,107,792</u>	<u>1,271,086,498</u>

The accompanying notes are an integral part of these statements.

State of Louisiana
 School Employees' Retirement System
 Notes to Financial Statements
 June 30, 1998

Note 1-Plan Description

The State of Louisiana School Employees' Retirement System ("the Plan") is the administrator of a cost-sharing multiple-employer defined benefit 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. 11:1081 of the Louisiana Revised Statutes. 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, 1998 and 1997, the local government contributors consisted of 86 school boards and 8 other agencies contributing to the Plan.

The Plan provides retirement benefits for non-teacher school employees excluding those classified as lunch workers within the public educational system of Louisiana. At June 30, 1998 and June 30, 1997, plan membership consisted of:

	<u>1998</u>	<u>1997</u>
Retirees and beneficiaries currently receiving benefits	8,373	7,860
Terminated employees entitled to benefits but not yet receiving them	88	104
Terminated vested employees who have not withdrawn contributions (DBROP)	889	797
Current active employees		
Vested	6,025	6,809
Nonvested	<u>7,680</u>	<u>7,600</u>
Total participants	<u>23,745</u>	<u>23,430</u>

Membership is mandatory for all employees under age 60 employed by a Louisiana Parish or City School Board who work more than twenty hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide. Members are vested after 10 years of service.

A member is eligible for normal retirement if he has at least 20 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, plus a supplementary allowance of \$14.00 per annum or \$2.00 per month for each year of service, not to exceed average final compensation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1993, 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.

State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998

Note 1-Plan Description (Continued)

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 statute, the benefits range from \$500 up to 75% of the member's average compensation for the three highest consecutive years of membership service.

All temporary, seasonal and part-time employees as defined in Federal Regulations (26 CFR, 31.3121(a)(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.

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

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 the DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Therefore, 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 the Option 5 account are made in accordance with the DROP account, Louisiana Revised Statutes 11:439(A)(1).

State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998

Note 3-Summary of Significant Accounting Policies

Financial Reporting Entity

In June 1981, the Governmental Accounting Standards Board ("GASB") issued Statement No. 16, *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.

Basis of Accounting

The Plan uses the accrual basis of accounting where the measurement focus is on the flow of economic resources. Within this context, revenue and expenses are recognized as follows:

Revenue is recognized when earned.

Dividends are recognized at the declaration date.

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

Gains and losses on security transactions are recognized by the difference in proceeds received and carrying value at the trade date.

Expenditures are recognized in the period incurred.

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

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.

**State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998**

Note 2-Summary of Significant Accounting Policies (Continued)

Securities

Investments are reported at fair value. 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. Investments that do not have an established market are reported at estimated fair value.

Investments and financial statements of this plan are based on fair market values which are susceptible to daily market changes. These changes may cause material variations in the unrealized appreciation (depreciation) of investments. Financial markets have suffered significant reductions in market values since June 30, 1998 that could be material to this system. Investment decisions and policies are not based on daily changes since the investments are long-term in nature.

Besides investments in U. S. government obligations and U. S. government agencies, the Plan had no investments in any one organization which represented 5% or more of the net assets available for pension benefits. There are no investments in loans to or leases with parties related to the pension plan. The investment activity of the Plan is subject to an investment policy adopted by the Board of Trustees and is oversight by the Board of Trustees.

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 5 to 10 years for equipment and furniture.

Reclassifications

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

Note 3-Contributions

Plan members are required to contribute 6.55% of their annual covered salary. Participating school boards are required to contribute at an actuarially determined rate, which was 6.0% for 1998 and 1997. Per LRS11:1193, contribution requirements of the Plan members and the participating employers are established and may be amended by the Plan Board of Trustees. Administrative costs of the Plan are financed through investment earnings.

State of Louisiana
 School Employees' Retirement System
 Notes to Financial Statements
 June 30, 1998

Note 4 Cash and Cash Equivalents and Investments

In accordance with ERISA 11-203, 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 remanagement 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 equity investment to fifty percent.

(1) Deposit Balances (cash in banks)

The following table breaks down the Plan's cash and cash equivalents, and bank balances which were covered by Federal depository insurance and/or collateral held at the Federal Reserve in the Plan's name.

	Deposits June 30, 1998	Deposits June 30, 1997
Carrying Amount on Statement of Plan Net Assets	<u>\$261,011</u>	<u>\$275,183</u>
Bank Balances:		
a) Insured or collateralized with securities held by the entity or its agent in the entity's name	\$254,178	\$177,907
b) Collateralized with securities held by financial institution's trust department or agent in the entity's name		
c) Uncollateralized, including any securities held for the entity but not in the entity's name	_____	_____
Total bank balances	<u>\$254,178</u>	<u>\$177,907</u>

(2) Investments

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 as far which the 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.

State of Louisiana
 School Employees' Retirement System
 Notes to Financial Statements
 June 30, 1988

Note 4-Cash and Cash Equivalents and Investments (Continued)

	1988			Carrying Amount And Fair Market Value
	Category 1.	2.	3.	
FHLBC & GNMA mortgage backed securities	\$226,266,548			\$226,266,548
U.S. Government obligations and U.S. Government Agency obligations				
Not on securities loan	39,094,529			39,094,529
Collateral or letters of credit	10,167,682			10,167,682
Corporate and Municipal Bonds				
Not on securities loan	224,402,784			224,402,784
Collateral or letters of credit	3,821,199			3,821,199
Domestic Common and Preferred Stock				
Not on securities loan	608,038,591			608,038,591
Collateral or letters of credit	11,294,887			11,294,887
International Common Stock				
Not on securities loan	68,385,081			68,385,081
Collateral or letters of credit	1,367,271			1,367,271
Short Term Investments	38,703,138			38,703,138
Future & Options	13,713			13,713
Total computerized investments	1,231,363,726			1,231,363,726
Investments Not Computerized				
Investments held by broker-dealers under securities loans				
U.S. Government Obligations and U.S. Government Agency obligations				78,448,504
Corporate and Municipal Bonds				29,528,613
Domestic Common and Preferred Stock				97,145,531
International Common Stock				10,549,173
Securities lending Short-Term Investment Pool				218,962,764
Total non-computerized investments				425,594,585
Total				1,656,958,311

State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998

Note 4-Cash and Cash Equivalents and Investments (Continued)

	1997			Carrying Amount And Fair Market Value
	Category	±	Δ	
FHLMC & GNMA mortgage backed securities	\$209,334,812			\$209,334,812
U.S. Government obligations and U.S. Government Agency obligations				
Not on securities loan	1,766,348			1,766,348
Collateral or letters of credit	22,084,157			22,084,157
Corporate and Municipal Bonds				
Not on securities loan	154,520,114			154,520,114
Collateral or letters of credit	2,734,362			2,734,362
Domestic Common and Preferred Stock				
Not on securities loan	472,565,798			472,565,798
Collateral or letters of credit	8,713,522			8,713,522
International Common Stock				
Not on securities loan	56,916,576			56,916,576
Collateral or letters of credit	936,028			936,028
Short Term Investments	50,247,000			50,247,000
Future & Options	<u>829,340</u>			<u>829,340</u>
Total categorized investments	<u>\$80,643,432</u>			<u>\$80,643,432</u>
Investments Not Categorized				
Investments held by broker-dealers under securities loans				
U.S. Government Obligations and U.S. Government Agency obligations				351,674,260
Corporate and Municipal Bonds				26,299,142
Domestic Common and Preferred Stock				83,119,365
International Common Stock				8,727,670
Securities lending Short-Term Investment Pool				<u>325,320,857</u>
Total non-categorized investments				<u>785,130,294</u>
Total				<u><u>\$1,625,773,726</u></u>

State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998

Note 5 Security Lending Transactions

State statutes and board of trustees policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. 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 100% of the market value of the securities plus any accrued interest. Non-U. S. securities are loaned versus collateral valued at 100% 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 custodian 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 30 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. Cash collateral may also be invested separately in "term loans", in which case 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, nor borrower or lending agent default losses known to the securities lending agent as of June 30, 1998 and June 30, 1997.

Note 6 Derivatives

The Plan has invested in asset/liability based derivatives such as principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), forward foreign exchange contracts and futures. The Plan reviews market values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates.

1. Principal-Only Strips

Principal-only (PO) strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster raising the PO's approximate market value.

State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998

Note 6-Derivatives (Continued)

2. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMO's) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others which can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool.

Reduction in interest payments cause a decline in cash flows and, thus a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the interest security.

3. Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Plan records the unrealized translation gain or loss.

4. Index

The Plan had investments in S & P 500 Index futures during the year. Index futures are designed to offer lower-cost and more efficient alternatives to buying individual stocks. The market and credit risk of the futures were the same as if the Plan had owned the underlying stocks that comprise the index.

State of Louisiana
School Employees' Retirement System
Notes to Financial Statements
June 30, 1998

Note 7-Per Diem Paid to Board Members

Per diem paid to board members, as presented in page 21, was established at \$35.00 per day in accordance with Louisiana Revised Statute 42:700.2.

Note 8-Supplementary Information

In accordance with GASB 35, required Supplementary information can be found in the attached schedules.

Supplemental Information

State of Louisiana
 School Employees' Retirement System
 Schedule of Funding Progress
 June 30, 1998

Date	Actuarial Value of Assets ____(a)____	Actuarial Liability (AAL) Entry Age ____(b)____	Unfunded (Overfunded) AAL (U/AAL) ____(d-a)____	Funded Ratio ____(d/b)____	Annual Covered Payroll ____(c)____	U/AAL as a Percentage of Covered Payroll ____(d-a/c)____
1992	\$808,638,773	\$733,731,578	(\$75,087,185)	108.9%	\$203,887,433	(28.6%)
1993	861,503,233	811,409,658	(50,510,915)	106.2%	304,458,988	(25.4%)
1994	932,112,182	854,867,111	(77,245,091)	109.0%	305,270,179	(28.0%)
1995	988,374,389	908,811,746	(77,564,643)	108.9%	305,467,129	(27.8%)
1996	1,006,498,597	930,569,414	(95,928,143)	109.9%	311,178,640	(40.4%)
1997	1,173,433,379	1,067,252,981	(106,708,288)	110.0%	319,264,766	(48.4%)
1998	1,344,550,518	1,142,252,835	(202,297,583)	117.7%	325,734,202	(89.6%)

**State of Louisiana
School Employees' Retirement System
Schedule of Employer Contributions
June 30, 1998**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1992	\$11,041,003	120.1%
1993	12,241,348	96.5%
1994	11,591,250	108.5%
1995	12,241,009	99.02%
1996	12,918,080	99.2%
1997	13,591,133	88.0%
1998	14,061,639	99.8%

State of Louisiana
 School Employees' Retirement System
 Schedule of Trust Data
 June 30, 1998

The information presented in the required supplementary schedules was determined from the actuarial valuations at the dates indicated. Additional information as of the actuarial valuation date of June 30, 1998 follows:

Valuation date	June 30, 1998
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	31 Years
Asset valuation method	Bonds are valued at amortized cost. For the Plan Year ending June 30, 1998 equities are valued at a four year weighted average. The computation of the actuarial value of assets is the sum of the bonds at amortized cost, less a weighted average of unrealized losses or (gains) in the market value of equities, plus the market value of equities. This value is determined in accordance with Reg. 1.412(c)(2)-1-(3) & (7) of the Internal Revenue Service Code and is subject to the Corridor Limits defined therein.
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 from the table was increased by .5% at all durations to account for the continuing effects of inflation.
Cost of living adjustments	1.0%

State of Louisiana
 School Employees' Retirement System
 Schedule of Per Diem Paid to Trustees
 Year Ended June 30, 1998

	Number of Meetings	Amount		Total
		Meetings	Travel	
Trustees				
Howard Brumard	14	\$1,850	\$696	\$1,796
Lee R. Darbonne	11	\$25	408	1,253
Betty Jacobs	14	1,850		1,850
Sylvia Myers	14	1,850	\$53	1,803
Joe Seymour	9	\$75	\$90	1,365
Wayd Zircmann	15	1,325	1,083	2,208
Total		5,175	2,530	3,203

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

**State of Louisiana
School Employees' Retirement System
Schedule of U. S. Government Obligations
June 30, 1998**

	Interest Rate	Due Date	Par Value	Fair Value
U.S. Government Agency				
Fed Home Loan Bank	5.7	01/03/2008	\$2,325,000	\$2,689,221
Fed Home Loan Bank	5.625	03/18/2003	3,000,000	2,904,360
FPMMA	6.25	08/12/2003	3,000,000	2,983,250
FPMMA	5.25	03/13/2003	3,000,000	4,878,520
FPMMA	6.4	08/27/2005	1,550,000	1,305,981
FPMMA	6.24	03/29/2008	2,100,000	2,097,375
				19,003,107
U.S. Government Obligations				
U. S. Treasury Bonds	12.75	11/15/2040	1,380,000	1,851,086
U. S. Treasury Bonds	6.25	08/15/2023	10,400,000	11,134,448
U. S. Treasury Bonds	6.125	11/15/2027	17,150,000	18,591,566
U. S. Treasury Notes	6.5	05/31/2002	3,500,000	3,883,040
U. S. Treasury Notes	6.25	02/20/2002	8,795,000	9,016,282
U. S. Treasury Notes	6	08/15/2000	3,800,000	3,866,710
U. S. Treasury Notes	5.75	08/15/2003	2,500,000	2,682,999
U. S. Treasury Notes	6.875	07/31/99	13,250,000	13,434,308
U. S. Treasury Notes	7.875	11/15/2004	1,800,000	1,123,120
U. S. Treasury Notes	6.25	08/31/2000	2,500,000	2,536,325
U. S. Treasury Notes	6.25	04/30/2000	12,700,000	12,936,893
U. S. Treasury Notes	6.875	05/15/2006	2,500,000	2,703,805
U. S. Treasury Notes	6.5	05/31/2001	17,000,000	18,186,301
U. S. Treasury Notes	6.5	05/15/2000	740,000	785,284
U. S. Treasury Notes	6.25	03/31/2001	1,200,000	1,245,352
				108,681,518
Total U. S. Government Obligations				127,710,685

**State of Louisiana
School Employees' Retirement System
Schedule of Bonds
June 30, 1998**

Corporate Bonds	Interest		Par Value	Fair Value
	Rate	Due Date		
Affix Corp	6.5	11/01/2013	\$2,500,000	\$2,506,080
Apache Corp	7	02/01/2018	5,000,000	5,001,990
Apache Corporation	6.5	12/15/2007	4,000,000	4,000,800
Associates Corporation	9.13	04/01/2000	2,500,000	2,629,975
Associates Corp North America	5.96	05/15/2007	2,250,000	2,331,285
Autism Hills Trust	13	05/01/2008	4,500,000	4,420,545
Bankamerica Corporation	6.3	08/01/2008	2,500,000	2,678,500
Beering Co.	7.89	08/15/2004	2,000,000	3,983,229
Boston Scientific	6.62	03/15/2005	5,000,000	5,052,980
Case Credit	6.75	10/21/2007	3,075,000	3,149,430
Changlong International Corp.	6.65	12/15/2007	18,000,000	18,328,000
Chesapeake & Potomac of Maryland Commercial Credit Co	7.25	02/01/2002	1,000,000	1,017,240
Commercial Credit Co	7.28	03/15/2002	5,000,000	5,212,990
Commercial Credit Co	6.5	06/01/2005	5,000,000	5,073,150
Conoco Inc	6.8	06/15/2005	2,200,000	3,205,344
Deers Water Discovery	6.88	03/01/2005	2,275,000	3,470,200
Deers Water Discovery	6.75	01/01/2018	2,000,000	2,046,040
Dorlandson Larkin & Jeanneret	6.11	05/15/2004	2,000,000	3,009,450
Enterprise OilFtE	6.5	03/01/2005	5,000,000	5,087,150
Ford Motor Credit	7.75	11/15/2002	1,000,000	1,062,430
Ford Motor Credit Corporation	8.2	02/15/2002	5,000,000	5,217,200
Ford Motor Credit	6.38	10/06/2000	2,000,000	2,016,040
Gap Corp	6.28	04/15/2005	1,500,000	1,492,005
GMAC	6.63	10/15/2005	2,000,000	3,009,120
General Motors Acceptance Corporation	8.25	07/15/2005	1,000,000	1,146,320
General Motors Acceptance Corporation	7	09/15/2002	1,000,000	1,031,000
General Motors Acceptance Cor Corporate GMAC	9.88	01/23/2003	5,000,000	4,945,000
GMAC	6.25	10/06/2005	4,000,000	4,009,640
Georgia Power Co	7.95	08/01/2003	3,000,000	3,148,200
Hertz Corp	6.3	11/15/2005	5,000,000	5,005,400
Hilton Hotels Corp.	7.28	06/01/2002	2,500,000	2,532,325
Honeywell Inc	6.83	06/15/2008	2,400,000	2,430,326
Homefield Finance Corporation	6.4	06/17/2008	1,650,000	1,646,881
International Lease Finance Corporation	6	06/15/2005	5,000,000	4,987,950
Lochmark Int'l Group Inc.	6.75	05/15/2008	2,550,000	2,526,620
Lockheed Martin Corp.	7.2	03/01/2005	5,000,000	3,270,840
Louisiana Land & Exploration	7.83	04/15/2003	5,000,000	5,408,250
Michan Financial Co	6.28	02/15/2003	5,000,000	3,600,876
Morill Lynch & Co Inc	6.64	09/15/2002	3,000,000	3,003,640
Morill Lynch	6	02/15/2005	5,000,000	4,988,600
Michigam Ball	7.5	02/15/2003	5,000,000	3,154,230
Nabors Inc	7.85	07/15/2007	1,000,000	1,003,660

**State of Louisiana
School Employees' Retirement System
Schedule of Bonds
June 30, 1988**

	Interest Rate	Due Date	Par Value	Fair Value
Corporate Bonds (Continued)				
National Ice Corporation	8.85	01/15/2005	\$2,500,000	\$2,881,679
Nationsbank Corp.	7.63	04/15/2005	5,000,000	5,378,800
Northwest Financial Inc.	7	01/15/2003	2,000,000	2,073,800
Pennay J.C. & Co.	7.13	11/15/2023	3,000,000	3,126,450
Pop Toys Mfg., Mkt. & Jack	6.4	09/18/2007	1,500,000	1,521,313
Phillips Petroleum Company	8.49	01/01/2023	5,000,000	5,543,550
R.H. Fulton Corp.	8.75	04/15/2005	5,000,000	4,973,150
Royal Caribbean Cruises	8.25	04/01/2005	2,886,000	3,035,407
Seas Roachback Acceptance	6.3	06/15/2008	3,000,000	3,030,420
Southern California Gas	7.38	03/01/2023	1,500,000	1,568,400
Tandy Corporation	6.95	09/01/2007	3,500,000	3,620,030
Time Warner Inc. St. Louis	9.13	01/15/2013	7,000,000	8,199,350
Time Warner Inc.	8.18	08/15/2007	2,500,000	2,785,325
Transcontinental Gas Pipeline	6.23	03/15/2008	7,000,000	6,876,800
Transcon Oilfield Inc.	8	04/15/2027	2,500,000	2,836,800
USI Capital Corporation	8.13	02/15/2008	3,000,000	3,060,940
Union Electric Co.	6.88	08/01/2004	1,000,000	1,041,520
Union Pacific Resources	6.73	05/15/2008	10,000,000	9,984,300
Virginia Electric & Power Co.	8.63	10/01/2024	3,500,000	3,981,495
Weyerhaeuser Company	7.3	03/01/2013	3,000,000	3,243,120
Weyerhaeuser Company	6.95	10/01/2027	3,500,000	3,548,975
Worldcom Inc.	7.73	04/01/2007	3,000,000	3,253,980
Total Corporate Bonds				250,220,020
Private Placements				
LOP Operating, L.P.	7.23	06/15/2028	4,150,000	4,121,158
Global Marine, Inc.	7.13	09/01/2007	3,000,000	3,180,300
Total Private Placements				6,301,458
Trust Capital Securities				
FMC/AFIC Capital Trust I	8.21	02/01/2027	4,425,000	5,077,733
HAARD How Stearns Cap Trust I	7	01/15/2027	3,890,000	3,893,700
FMC/NOIC Corporation Capital Trust	8.32	06/01/2027	4,800,000	4,725,040
Total Trust Capital Securities				13,796,473

**State of Louisiana
School Employees' Retirement System
Schedule of Bonds
June 30, 1998**

Yankee Bonds	Interest		Par Value	Fair Value
	Rate	Due Date		
Enterprise Oil	6.7	09/15/2007	\$3,800,000	\$3,893,750
TYCO International Group	6.78	08/15/2005	3,420,000	3,428,687
Total Yankee Bonds				6,522,437
Collateralized Mortgage Obligations				
Chase Manhattan Grantor Trust	5.2	02/15/2002	2,772,331	2,761,185
Combination Mortgage Home Equity Loan Trust	7.02	02/15/2008	3,150,000	3,231,725
Combination Mortgage Home Equity Loan Trust	6.44	12/15/2012	4,850,000	4,845,113
FHLBAC REMIC 1326	7	05/15/2019	2,990,000	2,995,254
FHLBAC REMIC 1540-784	7	10/15/2022	5,000,000	5,231,250
FHLBAC REMIC 1611 KA	6.5	08/15/98	131,816	131,563
FHLBAC REMIC 1838E	6.5	12/15/2008	3,175,000	3,191,889
FHLBAC REMIC 1814-AC	7	12/15/2011	2,590,000	2,490,625
FHLBAC REMIC 1829-BC	7.2	03/15/2028	3,090,000	3,084,768
FHLBAC REMIC 1865-BC	7	03/15/2022	2,891,000	2,928,934
FNMA REMIC 1902-041 PS	6.4	12/15/2028	3,090,000	3,184,688
FNMA REMIC 1991-073 PB	6.92	11/15/2028	1,788,197	1,793,223
FNMA REMIC 1902-340	7	09/15/2008	3,080,000	3,041,254
FNMA REMIC 1902-057D	7	12/15/2005	2,475,834	2,485,113
FNMA REMIC 692 - 53 J	7	09/15/2002	3,000,000	3,000,619
FNMA REMIC 1902-052	6.5	02/15/2008	1,624,578	1,622,028
FNMA REMIC TR SERIES 1990- 25 Class J	6.75	06/23/2022	5,000,000	5,139,800
FNMA REMIC 1902-194E	5.7	06/15/2008	1,024,475	1,015,056
FNMA REMIC TR SERIES 1990-158 CL P	6.5	03/23/2023	2,000,000	2,031,800
FNMA REMIC 1902-225YD	5.75	06/01/2010	2,000,000	1,992,500
FNMA REMIC TR SERIES 1996- 23 Class	6.5	12/18/2011	3,500,000	3,423,625
FNMA REMIC 1992-1H	6.5	02/18/2004	2,100,000	2,102,622
FNMA REMIC TR SERIES 1997-14 CL PG	6.5	03/18/2023	2,000,000	2,018,370
FNMA REMIC 1902-253H	7	09/18/2012	3,790,000	3,896,473
FNMA REMIC 097-5 Class AB	6.75	02/17/2016	4,940,000	4,964,129
FNMA REMIC 1902-34 VB	6.5	03/18/2008	4,500,000	4,572,310
FNMA REMIC CL C Series 1997-09	9.5	09/20/2024	7,031,918	7,982,200
Total Collateralized Mortgage Obligations				82,896,628

**State of Louisiana
School Employees' Retirement System
Schedule of Bonds
June 30, 2008**

	Interest Rate	Due Date	Par Value	Fair Value
Federal Home Loan Mortgage Corporation				
FHLBC Gold Group-4880130	6.5	04/15/2025	\$2,992,998	\$3,666,033
FHLBC 051-0452	8	01/01/2028	3,354,347	3,274,388
FHLBC 0110564	7	08/01/2001	2,722,183	2,891,453
FHLBC 0784017	9	07/15/2026	1,846,956	1,306,886
FHLBC Gold - 024	6.5	07/01/2020	2,100,000	2,140,677
Total Federal Home Loan Mortgage Corporation				17,420,254
Federal National Mortgage Association				
FNMA 250580	9	06/01/2023	327,989	347,098
FNMA 250690	7	05/01/2024	3,387,668	3,439,262
FNMA 250700	7	12/01/2011	9,428,616	9,815,678
FNMA 250821	9	12/01/2024	200,000	249,279
FNMA 260909	9	11/01/2024	1,835,285	1,941,640
FNMA 269371	9	12/01/2024	183,362	193,825
FNMA 280138	9	12/01/2024	2,238,489	2,568,438
FNMA 280909	7	05/01/2026	5,725,228	5,812,372
FNMA 280886	7	05/01/2026	8,397,608	8,528,129
FNMA 280943	6.5	06/01/2011	15,674,846	15,784,578
FNMA 303845	7	12/01/2019	4,476,778	4,575,804
FNMA 362670	7	10/01/2011	3,320,846	3,381,189
Total Federal National Mortgage Association				94,321,283
Government National Mortgage Association				
GNMA 352130				
GNMA 352940	6.5	08/15/2008	646,545	654,988
GNMA 354773	6	04/15/2009	1,388,568	1,387,376
GNMA 354790	6.5	03/15/2009	5,032,871	5,074,513
GNMA 354881	6	04/15/2009	3,121,747	3,159,967
GNMA 355875	6.5	06/15/2009	679,484	679,623
GNMA 355875	6.5	04/15/2009	1,075,928	1,100,808
GNMA 360836	6.5	03/15/2009	3,326,431	3,441,785
GNMA 361798	6.5	09/15/2008	1,953,478	1,977,992
GNMA 364915	6.5	03/15/2009	1,298,631	1,316,311
GNMA 366072	6.5	05/15/2009	511,185	518,160
GNMA 366217	6.5	10/01/2008	592,360	608,839
GNMA 370990	6.5	12/15/2008	571,899	576,293
GNMA 376845	6.5	10/01/2008	1,112,218	1,131,117
GNMA 377990	6	04/15/2009	672,875	679,692

**State of Louisiana
School Employees' Retirement System
Schedule of Bonds
June 30, 1998**

	Interest Rate	Due Date	Par Value	Fair Value
Government National Mortgage Association (Continued)				
GNMA 384004	7	03/15/2009	\$1,268,369	\$1,268,363
GNMA 385492	6	04/15/2009	728,852	728,451
GNMA 385666	6.5	04/15/2009	627,877	636,536
GNMA 386521	6.5	07/15/2009	538,577	537,889
GNMA 387191	6.5	02/15/2009	636,898	644,707
GNMA 387289	6	04/15/2009	711,307	718,891
GNMA 387983	9	01/15/2005	883,281	734,632
GNMA 488175	7	12/15/2025	888,642	903,431
GNMA 488844	7	11/15/2025	918,429	934,785
GNMA 415029	7	01/15/2026	963,343	983,648
GNMA 423825	8	06/15/2026	2,278,837	2,358,691
GNMA 428768	7	01/15/2026	953,366	969,268
GNMA 436488	7	02/15/2026	965,484	983,589
GNMA 460758	7	02/15/2028	2,968,322	3,017,087
GNMA 462543	7	02/15/2028	2,968,191	3,017,726
GNMA 462554	7	02/15/2028	1,873,585	2,003,853
GNMA 463528	6.5	05/15/2028	3,883,137	3,879,349
GNMA 140340	11	11/15/2015	18,685	21,040
GNMA 209758	9	06/15/2017	122,986	132,158
GNMA 198908	8	04/15/2017	304,232	318,590
GNMA 200202	9	01/15/2017	257,236	276,084
GNMA 238006	8	02/15/2018	859,588	903,538
GNMA 231923	8	07/15/2017	347,045	361,445
GNMA 293529	9.5	08/15/2020	39,950	43,266
GNMA 293736	9	08/15/2020	106,375	114,582
GNMA 296808	10	11/15/2020	27,199	29,925
GNMA 288573	9	08/15/2020	156,943	167,954
GNMA 299314	9.5	08/15/2020	21,829	23,632
GNMA 308359	8.5	08/15/2022	2,699,995	2,225,239
GNMA 319273	8.5	11/15/2021	2,486,944	2,033,286
GNMA 788358	6.5	05/15/2009	5,382,729	5,632,178
GNMA 788601	7	07/15/2027	1,829,791	1,961,979
Total Government National Mortgage Association				56,420,977
Other Asset Backed Securities				
Discover Card Trust 1991-D	8	10/15/1998	3,750,000	3,758,175
Olympic Automobile Receivables Trust	6	09/15/2002	3,080,000	3,085,519
Signet Credit Card 93-1A	5.2	02/15/2002	5,080,000	4,992,159
Total Other Asset Backed Securities				11,795,853

State of Louisiana
 School Employees' Retirement System
 Schedule of Bonds
 June 30, 1998

	Interest Rate	Due Date	Par Value	Fair Value
Principal-Only Strips				
ESMVA, REMIC - CH 503, 1992-16		10/25/2001	\$413,767	396,896
ESMVA, REMIC		07/25/2000	51,320	50,903
Total Principal-Only Strips				447,799
Total Bonds				484,660,144

State of Louisiana
 School Employees' Retirement System
 Schedule of Domestic Stocks
 June 30, 1998

Common Stock	Shares	Cost	Fair Value
AEP Industries, Inc.	4,900	\$158,414	\$102,863
AES Corporation	18,300	788,481	846,248
AMK Corporation	79,800	4,768,262	6,576,750
American Telephone & Telegraph	38,300	1,423,882	2,249,813
Abbott Labs	33,200	1,238,110	1,529,980
Adobe Systems Inc	1,700	70,235	72,143
Avoquip-Vickers Inc	700	20,270	40,883
Advanced Micro Devices, Inc.	3,400	115,239	38,001
Acris Inc	1,680	373,438	374,039
Affiliated Computer Sys. - A	13,400	330,423	592,989
Agribonds International Inc	8,800	317,138	286,289
Admission (H.F.) & Co.	2,780	129,332	191,709
Air Products Chemical	3,680	234,833	234,089
Airmach Communications	13,780	421,487	880,587
Albion-Culver Co	1,400	38,791	40,689
Alberton's, Inc.	5,980	222,628	285,699
Allcity Telecyme Inc	4,780	125,639	183,513
Allergan Inc	1,680	31,362	74,209
Allied Signal Inc Com	13,680	682,574	603,909
Allied Waste Industries, Inc.	99,300	483,764	1,423,209
Allmerica Financial Corp.	71,700	3,715,436	4,668,909
Alzano Corp	99,100	534,845	914,376
Alltel Corp	4,300	143,597	269,250
Aluminum Company Of America	4,200	321,312	276,835
Alco Corporation Class A	3,100	63,864	98,823
Alcoa Hrs Corporation	2,300	128,476	124,818
Amcor Corp	3,300	128,266	131,375
American Electric Power	4,680	195,398	208,325
American Express Co	25,100	1,062,871	2,855,125
American General Corp	8,300	268,880	454,341
American Greetings Corporation	1,800	64,220	91,687
American Home Prods Corp	88,780	3,821,634	4,486,725
American Hospitalist Inc.	46,400	947,897	887,480
American International Group	57,375	3,379,615	8,403,999
American Management Systems	24,780	903,689	339,444
American Pfd & Paper Co.	30,980	464,828	339,039
American Storm Co.	6,680	332,512	339,634
Amesitek Corporation	803,880	3,876,228	4,688,023
Amtek Inc.	19,880	363,524	380,378
Amgen, Inc.	6,180	382,925	388,788
Amg, Inc.	5,380	230,641	382,188
Amoco Corporation	23,280	811,038	968,688
Anadarko Petroleum Corporation	1,480	85,834	94,963
Anadigit Inc.	80,300	172,958	148,338
Andros Corp	2,200	862,957	839,336

**State of Louisiana
School Employees' Retirement System
Schedule of Domestic Stock
June 30, 1998**

Common Stock	Shares	Cost	Fair Value
Abramsco Beach Co Inc	11,700	311,682	552,088
Abrams Inc.	14,600	225,104	217,175
Amenity And Life Rn (Holds)	15,700	351,078	347,362
Antec Corp.	20,800	432,763	600,977
AWN Corp.	4,000	212,780	281,800
Apache Corporation	2,200	83,803	68,200
Apple Computer, Inc.	3,100	41,553	88,830
Applied Materials Inc.	138,500	1,851,150	4,085,250
Arch Communications Group Inc.	21,400	455,819	84,252
Archer - Daniels - Midland Co.	13,845	308,523	268,247
Armed Inc.	2,600	10,574	16,575
Armstrong World Industries, Inc.	1,800	73,833	67,375
Artes, Inc.	1,800	31,681	22,250
Arvest Communications, Inc.	4,800	222,525	227,985
Ashtand Inc	1,800	87,367	92,825
Associates First Capital - A	8,426	408,990	648,271
Atlanta Riskfield Co Com	7,800	428,956	609,375
Autodesk Inc.	1,200	47,996	46,350
Automatic Data Processing Inc	1,280	251,022	324,789
Axonson, Inc.	3,680	90,222	104,977
Ayco Corporation	20,000	908,795	493,000
Avery Dennison Corp.	2,800	117,788	150,500
Avis Rent A Car Inc.	86,000	2,871,899	3,128,500
Avon Foods Inc Com	3,200	238,245	247,798
B&E T Corporation	3,580	228,187	236,688
Ba Merchant Services Inc. - A	32,280	841,249	856,078
Bayer Group Inc	45,180	1,496,238	1,849,100
Baxter Inc, Inc.	19,200	312,915	389,558
Baxter Hughes Inc.	4,000	158,720	138,248
Baldwin Technology Co -Cl A	88,000	356,679	522,288
Ball Corporation	780	21,280	28,121
Baltimore Gas & Elec Co Com	3,680	85,578	131,823
Banc Gas Corp	17,000	786,483	948,804
Bancorp Inc	22,200	425,018	513,573
Bank of New York, Inc.	9,100	429,923	553,963
BanqueAmerica Corp	84,500	4,223,904	7,509,250
BankBoston Corporation	7,000	284,398	389,379
Bankers Trust Ny	2,400	227,399	278,549
Bank C. K., Inc.	1,400	32,243	33,287
Ban Laboratories Inc.	6,900	247,388	274,279
Basin Exploration Inc.	21,300	423,100	385,888
Battle Mountain Gold Co	5,800	32,487	33,247
Bausch & Lomb Inc	1,300	68,751	66,063
Baxter International	31,300	\$1,783,889	\$1,705,800
Bay Networks, Inc.	5,300	143,897	169,920

**State of Louisiana
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Common Stock	Shares	Cost	Fair Value
Best Stearns Cos., Inc.	2,680	147,827	147,825
Becton Dickinson & Co	20,200	1,254,126	1,568,025
Belden Inc.	10,500	382,125	321,563
Bell Atlantic Corp.	37,680	3,156,224	1,709,158
BellSouth Corporation	24,000	875,177	1,651,008
Bemis Co., Inc.	1,500	57,513	53,138
Biocribal Corporation/Com	1,500	83,098	198,140
Best Foods	7,000	389,326	486,434
Bethlehem Steel Corp.	2,700	38,153	33,580
Bionect Inc.	2,700	51,748	88,267
Black & Decker Corporation	185,500	2,485,776	6,366,300
Black Box Corporation	85,400	579,543	544,267
E. W. Blouch Holdings Inc.	37,000	499,960	902,250
HLR Block	2,500	81,500	105,313
Boeing Co.	189,500	5,421,132	4,628,866
Boise Cascade Corp	1,400	48,844	45,850
Boop-Warner Security	9,500	345,389	456,380
Boston Scientific Corp	4,700	297,807	326,838
Bovens & Co., Inc.	14,100	368,286	634,590
Biggs R. Stratton Corporation	600	30,415	22,482
Bilalad-Myers Spaulb Co	76,400	1,558,723	1,381,187
Brown Forman Corp Class B	1,300	86,625	809,225
Browning-Ferris Industries	4,400	154,780	154,568
Brunswick Corporation	2,400	74,625	59,480
Budget Group, Inc.	3,400	172,187	226,324
Hardington Northern Santa P/r	35,300	2,808,485	3,466,081
Hardington Horowitz, Inc.	4,200	185,187	181,722
Hart-Hovson Corp.	41,850	678,883	878,858
CHS Corporation (New)	259,180	4,512,159	8,226,425
Cigna Corp	5,200	383,984	338,800
CNA Surety Corp	37,000	494,026	545,728
CNF Transportation, Inc.	185,000	1,897,928	4,462,508
CSX Corporation	5,300	281,028	241,158
CTS Corp.	9,100	277,046	268,458
CYS Corp.	11,200	4,115,168	4,329,794
Collection Systems, Inc.	89,800	3,189,293	1,208,643
Cabot Oil & Gas Corp. - Cl A	51,600	1,144,816	1,022,800
Callergy Inc.	34,000	748,723	1,022,108
Calpine Corporation	38,800	646,678	783,256
Campanelli Soap	24,000	1,680,270	1,886,250
Canadian Brands Inc	6,000	230,629	295,122
Capital One Financial Corp.	1,800	188,732	198,899
Capital Rx Corp.	5,100	8167,225	8363,288
Capital Senior Living Corp.	35,800	344,387	307,280
Cardinal Health Inc.	2,600	132,886	242,720

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Common Stock	Shares	Cost	Fair Value
Barringer Services Inc. - C/A	11,500	249,900	286,900
Carolina Power & Light	3,700	134,915	160,488
Case Corporation	1,200	158,089	86,850
Case's West Systems Int. - A	23,500	545,504	634,500
Casey's General Stores, Inc.	50,800	487,661	843,350
Caterpillar Inc.	9,000	298,110	478,154
Centex Corporation	20,551	519,867	478,886
Centex Corporation	1,000	28,861	32,850
Central & South West Corp	5,100	138,339	137,863
Ceridian Corp.	1,800	76,361	109,250
Champion Enterprises Inc.	14,600	242,455	428,875
Champion International Corp.	2,300	128,884	113,130
Charnwell Bx Corporation	17,900	531,824	526,922
Chase Manhattan Corp.	20,600	999,213	1,555,300
Chertron Corporation	15,900	1,208,207	1,231,625
Chrysler Corporation	15,700	527,334	889,088
Circle K Corp.	4,000	278,363	329,538
Citico Inc.	16,500	440,181	76,313
Citizens Financial Corp.	3,900	180,856	349,643
Citizens Midstream, Inc.	3,000	26,675	24,312
Clampco Corp.	3,800	151,845	153,089
Circuit City Stores/Circuit	79,400	3,799,038	3,721,825
Cisco Systems, Inc.	99,100	2,893,092	9,223,344
Clintco	32,300	2,880,644	4,890,625
Clear Channel Communications	3,000	368,653	372,325
Clorox Company	59,500	3,652,385	2,689,688
Coastal Corporation	2,600	345,563	181,511
Coca-Cola Company/Coca	809,000	5,302,513	9,286,458
Coca-Cola Enterprises	36,300	1,899,366	1,493,231
Cognac Corp.	37,500	593,296	683,258
Copeland Corp.	4,000	155,477	352,009
Codyco-Palmolive	21,000	1,342,386	1,848,000
Columbia Energy Group	1,058	87,624	108,469
Columbia HC A/B Healthcare Corp.	15,700	622,573	457,262
Comcast Corp C1 A Special	8,900	189,223	361,278
Comstar, Inc.	3,900	148,860	213,888
Commerce Bancorp, Inc., NJ	8,100	137,678	473,850
Compaq Computer Corp	201,242	3,384,624	5,092,892
Computer Associates Int'l.	28,000	1,187,984	1,552,736
Computer Sciences Corp.	132,100	4,986,751	8,454,400
CompuLink	11,600	274,562	362,369
Conning Corp.	8,000	5118,598	5156,800
Conoco Inc.	4,600	171,813	218,625
Consolidated Tiltcon Inc.	5,700	152,736	262,953
Consolidated Natural Gas Co.	2,300	127,233	158,413

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Common Stock	Shares	Cost	Fair Value
Consolidated Stores Corp.	3,500	108,956	90,625
Continental Airlines-CIB	45,000	1,279,000	2,199,375
Cooper Inds Inc	3,900	142,071	159,317
Cooper Tire & Rubber	1,900	43,258	39,425
Covers (Atlanta) - CIB	900	23,999	30,689
Cumell Corrections Inc.	14,600	287,185	306,689
Cumby, Inc.	5,500	309,388	191,125
Corporate Express, Inc.	70,100	779,664	889,554
Commercial Properties Trust	21,300	457,027	471,325
Corvel Corp	18,200	454,898	709,808
Coteco Companies Inc	5,100	177,117	321,614
Countrywide Credit Indls., Inc.	3,600	83,549	191,659
Cramer, Inc.	15,400	334,668	346,560
Crane Company	1,100	45,779	53,418
Cranelec Systems Corp.	27,600	311,545	513,089
Crompton & Knowles	159,800	2,426,112	4,026,883
Cross Timbers Oil Co.	30,225	473,463	576,144
Crown Cork & Seal, Inc.	3,100	170,481	147,254
Cummins Engine, Inc.	900	63,572	44,125
Canadas Media Inc. - C/A	8,900	124,608	129,600
Cypress Acids Minerals Co.	2,300	58,912	34,475
DBC Communications Corp.	2,800	62,694	84,808
DFE Energy Company	3,500	181,444	141,313
Dana Corporation	2,500	94,764	133,250
Darden Restaurants Inc.	3,700	34,183	58,238
Data General Corp	1,000	26,313	14,933
Dapton Hudson Corporation	98,600	3,489,265	4,782,108
Davey & Co Cons	6,000	345,785	317,654
Dell Computer Corporation	15,600	118,344	1,447,867
Delphi Financial Group - C/A	17,572	442,788	989,514
Delta Air Lines, Inc.	25,800	2,980,679	3,314,650
Deluxe Corp	2,000	71,753	71,500
Dempsy International Inc	25,650	463,118	641,250
Devy Inc.	24,400	264,232	535,263
Dillards Inc - C/A	2,700	93,804	111,880
Walt Disney Co	28,800	2,382,846	3,025,786
Dollar Thrifty Automotive Gp.	77,200	571,960	227,900
Dominion Resources Inc Va	4,700	174,886	191,325
Dornelley R.R. & Sons Company	3,500	132,148	168,325
Dover Corp.	5,400	178,813	184,950
Dow Chemical	5,900	\$475,365	\$531,779
Dow Jones & Co., Inc.	2,900	97,758	128,225
Drexel Industries, Inc.	26,100	988,890	1,150,018
Dupont de Nemours & Co.	103,800	3,835,836	7,757,575
Duke Energy Corp	8,700	418,877	513,475

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Common Stock	Shares	Cost	Fair Value
Dan & Hadravsky	4,100	102,207	147,608
DG & Co, Inc.	1,100	24,318	33,800
DHC Corp./ Mass.	133,800	1,248,218	5,510,876
Fraser International Inc.	65,000	1,758,900	1,137,500
Engle USA Airfreight, Inc.	13,600	355,340	471,343
Enzo Inc.	20,700	160,074	218,245
Eastern Enterprises	900	17,125	21,428
Eastman Chemical Company	1,900	138,569	118,225
Eastman Kodak Co Com.	7,900	623,356	577,190
Easton Corporation	1,700	148,648	132,175
Echlin, Inc.	1,200	53,983	73,593
Ecolab Inc.	3,300	66,617	99,200
Edison International	8,800	218,891	263,146
Emerson Elec Co	23,600	1,270,541	1,426,858
Empire Corporation	3,500	75,343	70,875
Equinox Financial Stock Group.	19,600	350,170	641,508
Enron Corporation	62,500	3,670,082	3,378,875
Ensign Corp	3,700	158,526	163,875
Equifax, Inc.	3,700	115,966	134,254
Equity Corporation Int'l.	15,600	362,780	374,400
Exxon International Inc.	22,500	438,570	523,263
Exor Corp.	22,900	351,138	480,900
Exxon Corp Com	84,200	3,704,477	6,809,775
FMC Corp.	900	72,685	61,388
FAI Group, Inc.	4,400	203,812	277,280
Fairchild Corp. - CI A	18,000	381,186	369,422
FAX Corporation	64,400	2,623,132	4,842,355
Federal Home Loan Mortgage Corporation	16,400	587,519	771,817
Federal National Mortgage Association	110,600	2,369,328	6,718,999
Federated Department Stores	107,000	3,548,186	5,488,824
Fifth Third Bancorp.	6,000	244,348	381,158
First Chicago NBD Corp.	6,900	425,799	611,517
First Data Corp.	10,800	430,528	398,778
First Union Corporation	25,776	1,018,823	1,760,852
Fisons Corp.	5,600	133,919	172,200
Fleet Financial Group	68,000	2,453,428	5,793,050
Fleetwood Enterprises, Inc.	900	26,992	38,013
Florence Corporation	46,700	1,265,427	1,144,988
Floor Corporation	2,900	168,787	102,800
Ford Motor Company	28,200	5694,840	51,728,780
Fort Amco Corporation	3,700	204,286	277,388
Fortune Brands Inc	4,200	152,451	161,435
Foster Wheeler Corporation	900	38,543	19,293
Franklin Resources Inc	20,200	844,983	1,096,280
Freeport-McMoran Copper - B	4,800	129,987	72,894

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Common Stock	Shares	Cost	Fair Value
Frontier Corporation	4,000	79,938	126,000
Furn of the Loom, Inc.	1,800	55,778	39,253
G. R. K. Services Inc. - CIA	11,500	291,109	501,688
GP Biogenics, Corp.	34,000	487,910	497,258
GPII, Inc.	3,100	191,188	117,217
GTE Corp.	58,800	2,817,373	5,278,750
Hannett Co Inc	6,800	359,839	483,222
The Gap, Inc.	82,100	2,189,397	3,815,258
Gateway 2000 Inc.	180,500	3,484,051	5,025,800
General Cable Corp.	10,950	168,317	316,181
General Dynamics Corporation	3,000	85,346	138,500
General Electric Co	199,800	6,278,266	14,521,825
General Instrument Corp	3,600	64,992	97,873
General Mills, Inc.	3,900	256,708	268,175
General Motors Corp	16,200	890,847	1,082,254
General Re Corp.	1,800	342,068	454,300
General Services Authority	51,100	689,739	504,613
General Signal Corp	1,200	34,249	43,200
Genzyme Paris Company	4,000	152,160	152,873
Georgia Gulf Corporation	83,700	2,844,505	1,909,164
Georgia-Pac	49,900	3,043,999	2,948,956
Grant Fund Inc -CIA	1,800	46,508	38,900
Gilbane Co.	132,400	4,728,219	6,392,350
Glennco Technologies, Inc.	37,000	525,854	597,350
Golden West Financial Corp.	1,400	102,491	148,837
Goodrich (B.F.) Co	1,700	75,628	84,363
Goodyear Tire & Rubber Co.	3,800	237,451	244,861
Grace, W.R. & Co	81,800	1,732,424	1,566,292
W. R. Grace, Inc.	2,400	134,437	118,549
Great Atlantic & Pac Tea Co	900	34,465	28,825
Great Lakes Chemical Corporation	1,400	64,383	55,312
Greaves Financial Corp	3,300	65,381	141,280
Guidant Corporation	88,374	3,485,302	6,302,127
Gulford Mills, Inc.	33,500	778,365	678,680
HMT Technology Corp.	18,000	225,266	134,680
HIO & Co.	18,200	242,888	359,550
Hullberson Co.	32,400	1,244,822	1,436,759
Huron (M.A.) Co.	13,600	403,342	323,281
Huron General Inc.	1,700	88,634	870,150
Huron International	14,700	626,344	563,950
HarscoBilfinger Industries Inc.	1,200	58,858	32,674
Harris Entertainment, Inc.	148,500	2,618,492	3,266,625
Harris Corp	2,800	82,312	89,174
Hartford Financial Svcs Grp.	2,800	250,577	331,688
Habers, Inc.	3,100	90,346	121,867

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Common Stock	Shares	Cost	Fair Value
Healthsouth Corp.	9,600	241,488	296,195
Hi Hiline Co.	8,900	348,166	499,515
Hehrerich & Payne, Inc.	1,200	34,962	26,924
Hewlett, Inc.	2,400	123,024	98,708
Hershey Foods	3,500	197,823	241,506
Hewlett - Packard	25,200	1,422,919	1,568,850
Hilton Hotels Corporation	6,000	163,983	171,750
Hollings International Inc.	48,500	554,983	821,106
Home Depot, Inc.	165,000	3,690,886	8,804,572
Homestake Mining	5,100	64,480	52,813
Honeywell, Inc.	3,100	242,331	258,842
Howe Mems Fabricators	80,800	444,320	1,062,600
Hughes M&T	84,000	2,768,642	2,663,800
Husheild International Inc.	38,400	1,680,518	1,918,400
Houston Industries, Inc.	6,900	190,806	212,695
Hughes Supply, Inc.	2,550	62,820	93,294
Humana Inc.	3,800	98,462	121,629
Huntington Bancshares	4,800	152,366	154,380
Hyd Global, Inc.	117,900	4,028,734	3,320,738
ITT Industries, Inc.	2,900	75,808	108,388
Iron Office Solutions Inc.	3,200	89,677	46,598
Itasca Tool Works, Inc.	6,000	313,445	488,322
Imperial Credit Industries	24,600	581,360	578,380
Ingersoll-Rand Company	3,800	166,849	171,842
Intigala First Group Inc. - C/A	23,500	482,544	575,750
Integrated Device Tech Inc.	15,100	213,294	108,856
Irish Corporation	41,800	2,294,824	3,038,325
International Business Machines	51,800	3,503,195	5,947,362
Int Flavors & Fragrances	2,800	128,236	112,596
International Paper	7,300	371,487	313,580
Intrepid Inc.	38,850	295,686	448,281
Intrepid Group	18,200	718,004	1,065,180
Ivon Packaging Corp.	24,600	508,658	558,080
Jacobs Communications Inc.	108,800	3,608,510	6,425,180
Jackson Pilot Corp.	2,550	118,399	147,739
Johnson & Johnson	49,070	1,574,576	3,631,180
Johnson Controls	2,000	86,528	114,374
Johnson Inc.	600	523,884	521,488
JCS Energy, Inc.	70,800	1,158,235	809,740
JILA Instronics Corp.	2,000	150,250	55,374
Kramer Corporation Corp	11,700	141,731	225,225
Kaufmann B. Broad Home Corp.	600	15,996	28,483
Kaydon Corp.	24,000	525,948	847,488
Keurig Company	10,000	456,513	376,878
Komet Corp	42,700	949,323	541,765

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Common Stock	Shares	Cost	Fair Value
Kent Electronics Corp.	17,300	440,261	316,798
Kerr-McGee Corporation	1,200	76,924	66,450
Keycorp	39,800	280,632	384,750
Kimberly Clark Corporation	15,500	738,576	619,213
Kingsworld Productions Inc	1,800	35,689	43,990
Knight-Ridder Inc	1,900	95,351	104,618
Kroger Co.	146,200	3,540,915	6,268,325
LTV Corporation	118,800	2,128,100	1,851,820
LSI Logic Corp.	3,400	111,377	78,411
L-3 Communications Holdings Inc	13,900	363,798	422,590
Lamco Semiconductor Corp.	3,400	273,301	210,284
Latham Brothers Holding Inc	2,800	158,462	324,690
Lilly Eli & Co Corp	38,432	2,728,851	3,241,120
The Lindeell Inc.	5,500	108,300	182,188
Lincoln National Corporation Indiana	2,800	163,344	228,438
Liz Claiborne Inc	1,700	82,325	88,825
Lockheed Martin Corp	4,700	478,265	497,685
Lowe's Corp.	2,800	302,265	243,990
Longs Drug Stores Inc.	990	34,028	25,988
Louisiana Pacific Corporation	2,600	26,288	47,499
Local Space & Communications	187,700	4,584,383	5,202,525
Lovens Cos., Inc.	8,400	170,431	340,731
Luxem Technologies, Inc.	48,300	1,654,986	4,301,179
Lydell Inc.	58,480	1,200,773	806,735
MHFA, Inc.	3,400	145,925	179,769
MHFA Corporation	12,150	309,046	401,780
MCI Communications	17,580	717,682	1,817,188
MCH Investment Corp.	2,800	136,746	159,734
Magellan Health Services	42,180	854,175	1,668,288
Mallinckrodt Inc.	1,800	71,627	53,437
Manor Care, Inc.	1,500	49,177	57,658
Marsh & McLennan Cos	29,160	1,088,258	1,758,717
Marriott International Inc. New	6,280	389,318	320,484
Masco Corporation	94,080	1,372,486	3,687,008
Marrel, Inc.	7,000	341,284	296,184
May Dept Stores Co Corp	5,600	263,489	346,800
Maytag Corp.	2,400	\$46,896	\$118,500
McDermott Int'l, Inc.	1,500	46,833	31,656
McDonald's Corporation	16,780	814,922	1,152,308
McDermott-Hill, Inc.	2,400	147,569	155,680
McEwain Corporation	72,200	2,625,812	5,884,300
McWhorter Technologies	14,780	262,872	388,624
Meat Corporation	2,600	81,923	82,559
Media One Group	14,700	298,389	645,874
Medtronic Inc	97,800	3,167,488	6,274,350

**State of Louisiana
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Common Stock	Shares	Cost	Fair Value
Mellon Bank Corporation	8,200	299,498	432,899
Membersworks, Inc.	38,700	573,850	966,025
Mercantile Bancorp., Inc.	3,200	179,664	161,380
Mercantile Stores Co., Inc.	900	59,024	71,095
Metuck & Co., Inc.	28,500	1,238,638	1,865,375
Metrolife Corp.	1,300	78,589	81,918
Merrill Lynch	17,500	1,340,452	1,604,575
Microsoft Corporation	108,500	3,042,692	11,758,688
Microchip Technology Inc.	21,300	517,525	596,863
Mirva Technology, Inc.	5,100	287,538	128,543
Milipora Corporation	1,100	48,285	29,975
Missouri Mfg & Mfy Co Corp	9,800	999,041	809,453
Mirage Resorts, Inc.	4,200	138,528	89,510
Mobil Corporation	39,000	757,249	1,403,875
Monsanto	33,500	1,398,576	1,871,813
J. F. Morgan & Company	4,300	467,225	503,247
Morgan St/Dom Wine	32,850	1,367,999	2,899,041
Mosaic International Inc.	3,200	100,285	80,080
Motorola Inc.	14,400	989,262	756,899
Nasco Industries - Cl A	280	11,715	35,858
Nalco Chemical Co	1,600	65,032	56,208
National City Corp.	7,900	479,533	360,908
National Data Corp	29,750	1,021,878	1,298,375
National Semiconductor Corp.	4,000	156,690	52,508
National Service Industries	1,100	58,585	55,863
NationsBank Corp.	25,100	1,428,936	1,711,479
Navistar International	1,800	32,388	59,975
New York Times Co. Class A	2,300	138,171	182,275
Newell Co.	3,800	151,893	189,286
Newfield Exploration Company	5,000	127,683	126,863
Newmont Mining Corporation	3,800	136,479	89,775
Nexel Communications Inc.	8,400	218,090	359,280
Nippon Motor Power	3,500	38,148	52,280
Nitor, Inc.	1,200	43,437	48,158
Mike Inc Class B	7,000	484,272	340,808
Northern, Inc.	1,900	892,794	\$146,775
Norfolk Southern	9,000	317,949	268,308
Norfolk Corp.	6,800	163,048	135,572
Northern States Power - Ma	3,600	94,744	103,850
Northern Trustbank Corporation	1,600	184,528	165,000
Norwest Corp.	18,300	546,285	686,250
Nova Corp./Accept	9,800	306,105	352,825
Novell Inc.	8,400	58,262	107,180
Nucor Corp.	3,100	120,585	96,680
Nuver Energy Co.	13,200	606,157	488,368

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Common Stock	Shares	Cost	Fair Value
Oak Industries Inc.	51,300	1,230,666	1,821,813
Occidental Petroleum Corp.	8,980	227,864	340,308
OlinCorp., Inc.	27,180	589,183	1,029,889
Omnicom Group, Inc.	31,680	152,455	1,536,058
Omnicap Int'l Inc.	41,700	584,358	711,458
Oracle Inc.	700	23,306	32,813
Oracle Systems Corporation	23,700	728,616	582,319
Oryx Energy Co.	2,500	54,706	55,313
Owens Corning	1,300	34,843	52,856
Owens - Illinois	3,700	125,999	169,575
Pacifi Energy Co.	5,400	116,546	153,610
P G & I Corporation	9,200	238,930	298,370
PNC Sierra, Inc.	16,000	599,888	758,898
PNC Bank Corp.	2,400	518,550	598,675
P P & L Resources Inc.	4,800	88,293	98,748
PPG Industries	4,200	254,919	299,117
PSB World Medical, Inc.	45,800	894,730	669,825
Paxon, Inc.	1,900	88,616	99,275
PacifiCorp.	7,100	360,539	460,638
Pall Corp.	3,100	73,048	62,558
Parametric Technology Corporation	6,200	141,928	176,513
Parsons-Hamilton Corp	2,700	91,889	182,938
Pattay City Corp.	3,800	51,416	171,884
Paxar Corp.	65,800	891,560	733,708
Pennaco P C Inc	6,000	316,819	423,877
Pennaco Co.	1,100	83,469	55,899
Peoples Energy Corp	800	30,464	30,908
Pepp Hays Mearns, Mgr. & Asst.	1,200	52,071	28,406
Pepsi Cos, Inc.	26,000	1,285,782	1,682,332
Performance Food Group Co.	13,400	253,833	266,325
Parkin Clinco Corporation	1,200	94,855	74,624
Parsons Group Of Amer Inc.	48,300	812,382	966,898
Parsons Companies Inc. - CTA	18,300	373,272	468,658
Pharmacia & Upjohn Inc.	12,300	456,884	567,338
Phar Inc Corp	88,400	53,698,820	58,398,557
Pharmaceutical Product Devol	38,800	648,276	677,680
Phelps Dodge	1,500	127,752	85,781
Phillip Morris Cos	58,300	1,899,260	2,311,313
Phillips Petroleum Co	6,400	269,630	388,387
Physicians Resource Grp., Inc.	14,200	355,460	67,458
Physio-Control Int'l Corp.	21,800	252,883	376,223
Placer III Inc International	5,900	158,281	244,113
Placer Standard Electronics	17,800	321,513	172,288
Plincy Bowes, Inc.	6,600	227,368	317,623
Platinum Technology, Inc.	22,900	440,457	654,879

**State of Louisiana
School Employees' Retirement System
Schedule of Domestic Stock
June 30, 1998**

Common Stock	Shares	Cost	Fair Value
Papa Producing Co.	14,480	373,341	381,880
Polaroid Corp.	1,180	64,959	39,118
Polymer Group, Inc.	20,680	332,488	234,329
Portland Corp.	780	32,498	29,468
Procon Inc.	93,980	2,496,483	4,489,271
Proquist Legal Services Inc.	7,680	291,282	249,548
Procter Parks, Inc.	19,380	479,639	1,285,863
Primark Corp.	15,780	412,357	489,638
Proctor & Gamble Co-Corn	43,180	3,641,489	4,186,898
Progressive Corporation Ohio	1,780	175,128	279,708
Provision Healthcare Co.	780	17,763	99,583
Provision Financial Corp.	2,380	72,498	180,693
Public Service Enterprise Grp	3,680	139,138	182,847
Pulse Corp.	1,080	18,380	29,875
Quaker Oats	3,480	143,284	186,788
Ralston Purina Group	2,680	203,246	385,711
Raychem Corp.	893,980	4,325,976	3,130,616
Raychem Co-Corn Class B	8,280	428,427	484,829
Reebok International Limited	81,280	3,294,811	2,248,084
Republic Industries Inc.	148,980	4,094,294	3,723,707
Republic New York Corp.	2,680	120,156	163,636
Resource America Inc. - Cl A	14,480	317,663	426,800
Ryan's Family Steak	1,880	129,213	188,579
Rite Aid Corporation	6,280	197,568	232,884
Rite-Tite Company - Cl A	17,680	273,831	223,891
Roadwell Int'l. Corp.	4,880	246,993	235,309
Robt & Ross Company	1,580	134,832	133,813
Roper Industries, Inc.	26,180	642,489	683,863
Rover Companies Inc.	3,180	52,341	48,818
Rubbermaid Inc.	3,680	187,286	118,809
Russell Corporation	980	33,468	37,368
Ryder System Inc.	188,980	3,331,599	3,433,303
SBC Communications, Inc.	44,480	1,126,704	1,776,800
SI M Holding Corp.	4,080	\$196,888	\$196,888
Saffron Corp.	3,480	168,443	134,275
St. Jude Medical, Inc.	2,244	86,286	83,680
St. Mary Land & Exploration	28,280	671,432	630,035
St. Paul Companies, Inc.	3,322	221,995	232,266
Stanley Corp.	8,880	288,869	347,080
State Life Corporation	38,680	1,816,892	1,711,632
Subia Pharmaceuticals Inc.	18,880	232,340	287,590
Schwab Through	78,480	5,102,327	6,450,480
Schwaninger Limited	12,880	808,879	819,744
Schulman & Inc.	61,480	1,304,521	1,331,187
Schwab (Charles) Corp.	8,280	174,544	205,538

**State of Louisiana
School Employees' Retirement System
Schedule of Domestic Stock
June 30, 1998**

Common Stock	Shares	Cost	Fair Value
Scientific Atlanta, Inc.	1,900	41,341	48,213
Seagate Technology	1,900	209,349	140,843
Sealed Air Corp.	1,904	109,145	73,177
Seam Roebuck & Co.	9,500	528,999	580,089
Sevens Energy	1,708	144,435	158,740
Service Corp International	8,100	213,872	261,538
Shaw Medical Systems Corp.	600	53,545	44,082
Sherrin Williams Co.	4,200	153,215	159,125
Sigma-Aldrich Corporation	2,400	82,761	84,380
Silicon Graphics, Inc.	4,200	72,636	52,138
SnapeCo, Inc.	1,450	38,922	52,563
Solomon Smok Group Inc.	33,800	2,398,800	2,825,796
Solo International Inc.	21,900	618,395	715,845
Sokala Inc.	118,300	3,633,870	3,967,412
Sonus, Inc.	2,700	138,391	104,288
Southern Co.	16,700	969,187	462,373
Southwest Air	5,250	94,454	155,291
Springs Industries Inc. - CI A	500	25,810	23,083
Sprint Corporation	10,400	540,989	733,200
Stanley Works	2,100	96,585	87,290
State Street Corp.	3,600	206,027	271,029
States Island Bancorp.	11,800	238,385	370,725
StevensMyers & Assoc.	8,700	116,640	186,725
Stewart Enterprises, Inc. - CI A	46,500	601,479	1,238,063
Stone Container	2,400	34,473	37,580
Storage Technology Corp.	133,800	2,393,391	3,818,790
Structural Dynamics Research	31,500	672,352	726,438
Sunamit Bancorp.	4,200	215,886	264,250
Sun Co, Inc.	2,200	75,279	89,368
Sun Microsystems	108,700	3,432,488	4,634,728
Sunsource, Inc.	105,800	1,864,047	6,876,835
Sundstrand Corporation	71,000	1,385,620	4,664,750
Sungard Data Systems Inc.	28,000	\$335,852	\$367,380
Sun Trust Bank Inc.	5,100	280,283	414,691
Super Value Stores	1,600	56,181	71,080
Synovus Financial Corp.	6,400	157,379	152,080
Synco Corp.	8,400	156,981	315,230
TCA Cable TV, Inc.	2,200	219,245	438,090
TIX Companies, Inc.	7,600	61,632	183,350
TRW, Inc.	3,800	173,541	163,825
Tudy Corp.	2,600	55,336	137,961
Telmont, Inc.	1,200	56,282	43,450
Telecommunications Inc Class A New	12,699	198,054	484,682
Telcelo, Inc.	54,000	3,457,680	3,867,750
Temple-Inland, Inc.	1,300	75,270	70,038

State of Louisiana
School Employees' Retirement System
Schedule of Domestic Stock
June 30, 1998

Common Stock	Shares	Cost	Fair Value
Teet HealthCare Corporation	7,265	162,886	230,156
Tenasco Inc.	4,180	186,257	156,034
Teneco Inc.	13,180	556,786	781,500
Texas Instruments, Int-	109,780	2,395,653	6,386,828
Texas Utilities Co.	5,982	289,528	249,000
Textron, Inc.	4,800	278,549	286,748
Thermo Electronics Corp.	94,800	2,448,206	3,240,928
Thomas & Betts Corporation	1,300	71,270	64,825
T-Care Corp.	97,200	5,453,260	2,882,776
Time Warner Inc.	68,800	3,815,574	5,050,393
Times Mirror Co.- Cl A	2,600	121,585	152,038
Tinkers Co.	1,500	36,323	46,509
Toysrus Corp.	3,480	122,387	155,558
Total Retail Care Holdings, Inc.	32,980	261,598	1,189,558
Toys R Us	6,980	234,344	181,713
Transamerica Corp.	1,500	140,583	172,688
Travelers Group Inc.	159,757	6,283,894	9,683,268
Triad Companies	27,300	546,584	598,890
Trium Global Restaurants	3,700	118,278	117,240
Triform Co.	3,800	148,794	208,476
Trigon Healthcare, Inc.	8,300	205,400	300,352
Tupperware Corporation	1,500	53,327	42,188
Tyco International Ltd.	117,600	4,425,353	7,408,889
Uac International, Inc.	117,800	4,866,487	3,438,229
USX Marathon Group	7,000	212,826	240,184
UST, Inc.	4,480	126,347	118,880
U.S. Bancorp	17,754	323,734	783,432
Uran Corp.	3,480	152,680	188,708
U.S. Fossilwore	26,340	786,899	929,143
USX - U.S. Steel Group	63,100	2,489,253	2,082,300
U.S. Xpress Enterprises, Inc.	14,300	139,379	238,525
Unilever NV New York	18,500	892,423	91,223,524
Univest Corporation	5,200	117,626	142,322
Union Camp Corp.	1,700	97,893	84,345
Union Carbide Corp Hldg Co	3,200	161,042	176,138
Union Pacific Corporation	6,080	429,783	264,089
Union Pacific Resources Corp.	6,180	152,289	187,128
Unisys Corp.	368,880	4,480,289	7,593,608
United Healthcare Corp.	4,580	236,228	286,592
US Air Group Co.	2,400	183,029	190,208
United States Surgical Corporation	1,880	70,184	81,675
U S West, Inc.	400	11,592	18,293
U S West, Inc.	11,600	444,733	583,800
United Technologies	5,500	468,577	508,250
United Wisconsin Services	38,500	926,199	1,853,688

**State of Louisiana
School Employees' Retirement System
Schedule of Domestic Stock
June 30, 1998**

Common Stock	Shares	Cost	Fair Value
Haitrade Corp.	48,000	190,611	532,800
Unocal Corp.	78,200	1,175,500	2,795,650
V F Corporation	3,000	95,355	155,250
Venture Group Inc.	3,200	80,902	60,200
Viacom Inc. - Cl "B"	8,600	265,894	506,950
Vital Corp.	188,500	3,150,386	5,230,875
Vital Signs Inc.	19,500	368,347	353,825
Vitek Info Sciences Inc.	16,400	769,912	444,850
Wachovia Corporation	5,800	318,557	422,540
Wal-Mart Stores, Inc.	54,400	1,898,452	3,304,880
Walgreen Co.	12,000	532,832	495,744
Wang Laboratories, Inc.	62,700	1,340,836	1,994,980
Wannac Group - Cl A	98,600	3,879,249	4,384,288
Warner Lambert Co	19,800	809,510	1,375,625
Washington Mutual Inc.	108,845	4,247,871	4,641,036
Waste Management Inc.	11,500	379,878	402,540
Watts Corp.	8,600	147,110	590,808
Watkins-Johnson Company	52,200	914,682	863,200
Watts Industries, Inc. - Class A	21,200	544,875	442,550
Wells Fargo & Company	3,100	541,006	714,900
Wendy's International, Inc.	3,200	87,086	75,200
Western Atlas Inc.	1,300	75,571	193,334
Westport Stevens, Inc.	18,000	217,380	623,700
Westvaco Corp.	2,500	74,756	70,625
Wet Seal Inc. - Cl A	9,700	246,200	294,400
Weyerhaeuser Co.	4,800	250,280	221,600
Whirlpool Corporation	1,800	97,528	123,250
Williams-Sonoma Inc.	2,600	91,575	83,200
Williams Companies Inc.	10,200	254,135	344,250
Winn-Dixie Stores Inc.	5,600	135,072	183,600
Woodhead Industries Inc.	15,900	\$209,810	\$213,712
Worldcom Inc.	145,400	5,678,482	7,042,740
Worthington Industries	2,200	43,287	54,645
Wright (Wm.) Jr. Co.	2,800	207,120	274,480
Xerox Corporation	34,700	2,868,738	2,910,138
Xerox Technologies Corp. - Cl A	28,600	861,979	1,222,600
Total Domestic Common	15,516,152	487,777,272	704,499,675
Preferred Stock			
Hugo Boss	922	1,234,333	1,617,674
Total Domestic Preferred	922	1,234,333	1,617,674
Total Domestic Stock	15,517,074	489,011,605	706,117,349

State of Louisiana
School Employees' Retirement System
Schedule of Foreign Stock
June 30, 1998

Foreign Stock	Shares	Cost	Fair Value
Alcan Aluminum Ltd (New)	3,000	\$191,236	\$251,908
Alcanil Alabona (Ege)-Ade	105,800	2,876,335	4,204,685
AsahiKasei Alhold Nv	23,870	311,895	369,443
Autobacs Servco Co. Limited	12,000	1,298,599	345,265
Barrick Gold Corp	9,000	282,123	173,258
Bridgmanac Corporation	57,000	1,293,783	1,343,130
Bricka Hill Proprietary Co.	142,620	1,826,085	1,285,530
Cable & Wireless Plc	141,000	974,588	1,712,684
CS&I - N.R. Curt	28,493	1,487,333	1,568,386
Coors Inc Supermarke	2,300	1,368,809	1,435,894
Conoco Inc.	63,800	1,404,299	1,429,910
Daniel Boone Industry Co. Ltd.	178,800	1,315,255	1,500,523
Elan Corp. Plc - Sponsor Adr	48,800	2,698,454	3,009,882
Etisason Ltd-It	73,600	716,770	2,891,993
Fossilprint	28,800	1,183,384	1,003,289
Fuji Photo Film Co.	38,800	1,263,785	1,844,061
Fuji Machine Mfg. Co.	28,000	990,199	368,999
Yamao	30,000	1,284,571	1,037,576
Yamaha	25,000	1,131,504	918,311
Yon Ag	2,500	1,089,502	976,454
Gottinge Industries Ab-B Sho	81,000	1,248,174	1,655,269
Yuso Ltd.	4,000	109,574	84,800
Ronsansone Holdings Ltd.	28,500	1,048,652	1,319,892
Yara Nv (Bicmadia) Bldgs - A	15,400	427,493	483,375
Hagemeier Nv	34,122	529,827	618,931
He Citard Nv	28,800	1,502,296	1,463,475
Ito-Yokado Co., Ltd.	28,800	1,578,598	1,304,483
Junco	88,000	1,839,591	1,613,709
Kickert Ag	18,000	973,493	1,017,135
Kayser Corporation	9,990	1,842,487	1,637,134
Kyocera Corp.	25,000	1,816,334	1,331,334
Laidlaw Inc.	7,600	389,211	82,623
Lomb (Moet-Hennessy Louis Vuit)	8,000	1,449,196	1,681,038
Llora Ab-B Shares	76,200	65,112	79,224
Lund Lease Corp Ltd	99,641	989,546	1,205,858
Moore Corp. Ltd.	2,100	41,778	33,825
Mutual Risk Management Ltd.	21,000	292,299	266,256
SaudiArabian Broadcast Sys	78,800	343,905	336,820
Manacomm Ag	28,800	1,128,267	2,835,493
Telcel Ltd.	18,100	265,241	698,200
Nokia Ab - A Sho	38,800	1,129,337	2,647,414
Northern Telecom Ltd.	12,800	616,584	313,680
NTT Corp.	180	1,288,375	1,325,790
Petroleum One Services	90,000	723,259	1,357,308

State of Louisiana
School Employees' Retirement System
Schedule of Foreign Stock
June 30, 1998

Foreign Stock	Shares	Cost	Fair Value
Pharm. Dome Inc.	5,800	\$86,904	\$68,158
Prostate Co., Ltd.	26,000	1,343,026	1,068,712
BMC Group PLC	77,000	1,289,599	1,334,852
Cie Finanz. Richmond -Una SA	925	1,223,486	1,218,529
Electric Bros. Azerbaijan	12,800	275,240	328,994
Robus Company	12,000	656,549	1,232,122
Royal Dutch Petro-My. Shana	52,000	2,872,027	2,898,224
Saga Petroleum A/S- Ser II	80,000	1,386,988	1,383,884
Sanofi Pharmaceutical	33,000	1,477,714	758,884
Secom	16,000	1,023,191	925,443
Scopmas Co. Ltd.	8,600	344,738	352,038
Shin-Etsu Chemical Co.	58,000	1,155,050	1,082,958
Shimizu Inc.	53,000	1,240,387	1,384,963
Sony Corp.	16,000	1,096,888	1,277,670
Takeda Chemical Inds.	33,000	609,744	877,408
Telefon-Spons Akt	21,300	1,599,025	2,321,708
Teksa Marine & Fire Ins.	150,000	1,041,350	1,541,253
Vodafone Group Plc	170,000	866,156	2,157,123
Volkswagen	2,384	1,458,992	2,485,242
Valco	16,000	1,434,774	1,635,463
Woodside Petroleum Limited	360,000	1,333,838	1,287,698
Yamanashi Pharmaceutical	60,000	1,422,844	1,248,413
Total Foreign Stock:	2,820,713	71,626,752	80,381,529

State of Louisiana
School Employees' Retirement System
Schedule of Short Term Investments
June 30, 1998

Automatic Sweep Vehicle	
Masque Treasury Securities Fund	\$7,160,094
Northern Collective Government STIF	11,526,007
Northern Trust London STIF (On Call)	7,268
	18,793,136

State of Louisiana
School Employees' Retirement System
Schedule of Options and Futures
June 30, 1998

	Due Date	Par Value	Fair Value
Options			
Currency Put Option			
Deutsche Mark / U.S. Dollar Put	07/21/98	\$1,700,000	\$3,720
Total Currency Put Option			3,720
Futures			
Financial Future	09/18/98	250,000	10,000
Total Futures			10,000
Total Options and Futures			13,720

State of Louisiana
 School Employees' Retirement System
 Schedule of Administrative Expenses
 Year Ended June 30, 1998

Expenses	
Salaries	\$855,381
Student labor	5,188
Compensation - Board	5,775
Related benefits	123,601
Overtime pay	20,516
	<u>1,020,461</u>
Operating Expenses	
Professional improvement - staff and Board	<u>22,321</u>
Operating Services	
Advertising	1,303
Printing	15,569
Auto repairs	2,928
Equipment maintenance	21,855
Building expense	270,861
Fuels	3,169
Postage	68,576
Telephones	25,747
Insurance	12,276
Legal	7,078
	<u>426,455</u>
Supplies	
Office	20,903
Food	254
Computer	<u>14,822</u>
	<u>35,979</u>
Professional Services	
Medical	3,640
Actuary	20,720
Audit	<u>24,680</u>
	<u>29,040</u>
Interagency Transfers	
Secretary of State	12,432
State Treasurer	1,133
Civil Service	<u>2,756</u>
	<u>16,321</u>
Other Charges	
Legiscon	3,250
Miscellaneous expenses	4,260
Computer software	15,739
TRS Computer	<u>255</u>
	<u>23,504</u>
Depreciation Expense	<u>179,303</u>
Total expenditures	<u>1,820,878</u>

HAWTHORNE, WARMOUTH & CARROLL, L.L.C.

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DALLAS, TEXAS 75243

MEMBER OF THE HFC GROUP
10000 W. HAWTHORNE, SUITE 100

August 26, 1998

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

Members of the Board:

We have audited the general purpose financial statements of Plan net assets of

**State of Louisiana
School Employees' Retirement System**

a component unit of the State of Louisiana, as of and for the year ended June 30, 1998 and have issued our report thereon dated August 26, 1998. 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 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 State of Louisiana School Employees' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to

provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the use of the Board of Trustees, State of Louisiana Division of Administration, Office of the Legislative Auditor of the State of Louisiana, and management. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

Hawthorn, Daymonith & Cavall, L.P.