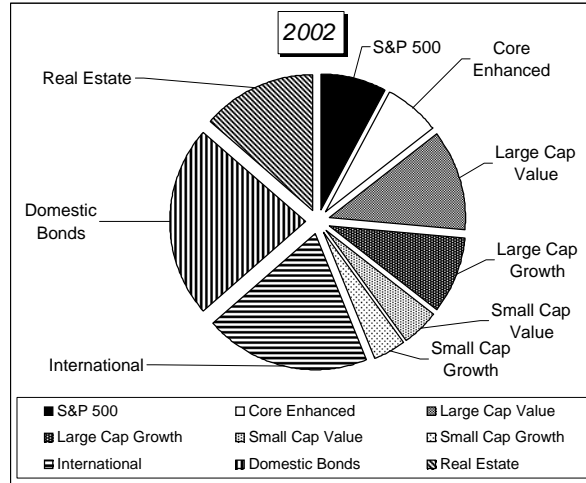
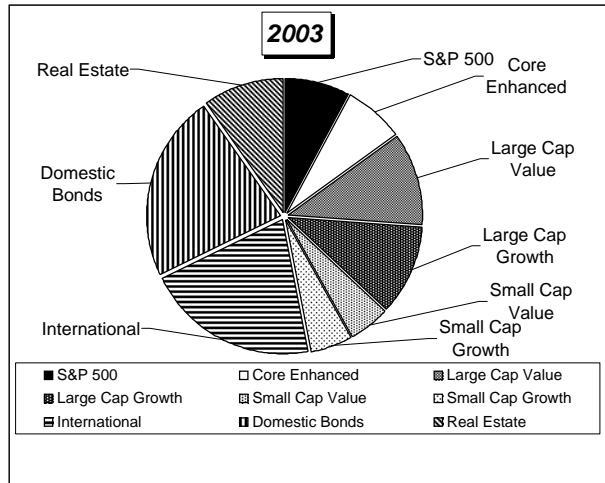


**Marin County Employees' Retirement Association
Investment Portfolio Distribution**



**Marin County Employees' Retirement Association
Statement of Changes in Plan Net Assets
For the Year Ended June 30**

	2003		2002
Additions			
Employer Contributions	\$ 134,960,478		\$ 21,985,559
Employee Contributions	10,348,913		8,316,789
Total Contributions	<u>145,309,391</u>		<u>30,302,348</u>
Investment Income			
Net Appreciation in Fair Market Value of Assets	(6,660,826)	\$ (80,299,057)	
Interest	7,642,903	10,208,069	
Dividends	3,013,383	2,906,541	
Real Estate Income (Net)	8,282,513	10,062,625	
Soft Dollar Recapture	35,175	28,366	
Miscellaneous Income	41,957	-	
Security Lending Income	179,415	94,829	
	<u>12,534,520</u>	<u>(56,998,627)</u>	
Less Investment Expense	<u>(3,944,738)</u>	<u>(4,285,103)</u>	
Net Investment Income	<u>8,589,782</u>		<u>(61,283,730)</u>
Total Additions	153,899,173		(30,981,382)
Deductions			
Benefits	44,891,672	39,729,885	
Health/Life Insurance	5,827,630	4,786,117	
Refund of Contributions	492,588	439,306	
Administrative Costs	941,228	797,743	
Actuarial Costs	76,115	85,834	
Transfer to PERS	0	481,786	
	<u>52,229,233</u>	<u>481,786</u>	<u>46,320,671</u>
Net Increase	101,669,940		(77,302,053)
Net Assets beginning of year	<u>833,821,520</u>		<u>911,123,573</u>
Net Assets Held in Trust as of June 30	<u>\$ 935,491,460</u>		<u>\$ 833,821,520</u>

WITHDRAWAL OF CONTRIBUTIONS

Requests for Return of Contributions should be made to the Retirement Office, Room 408, Civic Center. No request will be processed until the final paycheck, payment date and contribution amount has been verified.

TRANSFER TO ANOTHER PUBLIC RETIREMENT SYSTEM

Members who discontinue their employment, leave their contributions on deposit and within 180 days after their discontinuance go to work for another county that is covered by the 1937 Retirement Act, a State agency which is covered by the Public Employees' Retirement System, the State Teacher's Retirement System or the City and County of San Francisco may have the privilege of entering the new system under a reciprocal arrangement. Said election must be made in writing within the 180 day period. Please contact the Retirement Office for benefits available to you under reciprocity.

SERVICE RETIREMENT

Miscellaneous and safety members who have reached age 70 regardless of credited service and miscellaneous and safety members with ten years of credited service who have attained age 50, or 55 for miscellaneous County members whose date of membership is after 6/30/80, are eligible to retire. Miscellaneous members with 30 years of service and Safety members with 20 years of service may also retire regardless of age. A retirement option must be selected in writing before any retirement allowance may be paid.

DISABILITY RETIREMENT

Members with five or more years of credited service are eligible to apply for non-service connected disability retirement provided that the member is permanently incapacitated, physically or mentally, from the performance of his or her duties. If the disability is service-connected, the member may make application for service-connected disability retirement regardless of length of credited service. A retirement option must be selected in writing before any retirement allowance may be paid.

DEATH BENEFITS

In the case of the death of a member before retirement, a designated beneficiary is entitled to receive the member's accumulated contributions with interest, plus an amount equal to one-twelfth of the annual compensation earnable by the deceased during the twelve months immediately preceding death, for each completed year of service under the system, but not to exceed fifty percent of such annual compensation. In the case of service-connected death, contact the Retirement Office. In the case of a member who is qualified to retire or has at least 5 years of credited service at the date of death, the beneficiary should contact the Retirement Office for available options.

BENEFICIARY

When members enter the retirement system, they designate a beneficiary. Should they desire a change of beneficiary, they must file the required form with the Retirement Office.



ANNUAL REPORT

Marin County Employees'
Retirement Association

June 30, 2003

Members of the Board of Retirement

Michael Smith	Treasurer Ex-officio, 1st
Maya Gladstern	Miscellaneous Member, 2nd
Sandra White	Miscellaneous Member, 3rd
Peter Arrigoni	BOS Appointee, 4th
Cynthia Murray	BOS Appointee, 5th
James Phillips	BOS Appointee, 6th
Ken Froberg	Safety Member, 7th
Joseph Coffrini	Retiree, 8th
Milbrey Jones	BOS Appointee, 9th
Allen Haim	Alternate Retiree

Legal Counsel

Patrick Faulkner, County Counsel

Staff

Norman Klein, Retirement Administrator
Maggie Johnston, Assistant Retirement Administrator

To the Association Members:
Submitted herein is the condensed financial statement of the MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION presenting its financial position for the years ended June 30, 2003 and 2002. Any questions should be directed to the retirement office.

NORMAN KLEIN, Retirement Administrator

**Marin County Employees' Retirement Association
Statement of Plan Net Assets
As of June 30**

	<u>2003</u>		<u>2002</u>	
<u>Assets</u>				
Cash and Short Term Investments	\$ 30,414,370		\$ 63,529,225	
Receivables				
Contributions	\$ 937,254		\$ 743,922	
Interest	1,568,033		1,878,807	
Investments Receivable	7,816,691		23,636,991	
Dividends	307,409		289,647	
Other	<u>710,527</u>	11,339,914	<u>761,974</u>	27,311,341
Investments at Fair Market Value				
Domestic Equities	427,811,564		349,051,193	
International Equities	196,292,338		164,122,139	
Domestic Fixed Income	227,641,886		204,118,827	
First Deeds of Trust	11,227		13,282	
Real Estate	<u>92,300,000</u>	944,057,015	<u>113,250,000</u>	830,555,441
Other Assets				
Collateral for Loaned Securities	106,917,873		48,501,207	
Prepaid Insurance	<u>424,814</u>		<u>416,793</u>	
Total Assets	1,093,153,986		970,314,007	
<u>Liabilities</u>				
Security Deposits	\$ 702,276		\$ 766,031	
Advisor Fees Payable	666,247		617,806	
Investments Payable	48,223,265		86,591,252	
Other Payables	1,152,865		16,191	
Collateral for Loaned Securities	<u>106,917,873</u>	<u>157,662,526</u>	<u>48,501,207</u>	<u>136,492,487</u>
Net Assets Held In Trust for Pension Benefits	<u>\$ 935,491,460</u>		<u>\$ 833,821,520</u>	

**Investment Portfolio Performance
As of June 30**

Annualized Returns		
1 Year	1.18%	
3 Years	-2.68%	
5 Years	2.42%	

**Portfolio Distribution
As of June 30**

	<u>2003</u>	<u>2002</u>
Stocks		
S&P 500	7.76%	7.64%
Core Enhanced	7.23%	6.84%
Large Cap Value	11.19%	12.01%
Large Cap Growth	10.73%	8.98%
Small Cap Value	4.95%	4.56%
Small Cap Growth	5.16%	3.85%
International	<u>20.79%</u>	<u>19.74%</u>
	<u>67.81%</u>	<u>63.62%</u>
Bonds		
Domestic	<u>22.42%</u>	<u>22.76%</u>
Real Estate	<u>9.77%</u>	<u>13.62%</u>
	<u>100.00%</u>	<u>100.00%</u>

Member Agencies

LAFCO
Marin County
City of San Rafael
Marin County Courts
San Rafael Redevelopment
Southern Marin Fire District
Novato Fire Protection District
Marin/Sonoma Mosquito Abatement
Marin City Community Service District
Tamalpais Community Service District

Membership Statistics

	June 30
	<u>2003</u>
Number of:	
Safety Members	742
Miscellaneous Members	2,464
Deferred Members	546
Retired Members	1,583
Survivors & Beneficiaries	<u>236</u>
	<u>5,571</u>

Notes to Members

- The complete financial statements for June 30 2003 and 2002 about which the auditor has issued a clean opinion, are available in the Retirement Office for your review.
- Retirement law provides that retirement records are confidential. Such records may not be disclosed to anyone other than the member, except in the administration of the law or upon order of a court of competent jurisdiction. Therefore, to protect this trust, no information on a member account will be given over the telephone.
- All members should notify the Retirement Office of any change in beneficiary. County of Marin and City of San Rafael employees should change their address and name through their department. All other employees should notify the Retirement Office of any address or name change.
- Interest is credited to members' accounts each June 30 and December 31 on the accumulated contribution balance which has been on deposit for the previous six months.
- Members should submit retirement applications to the Retirement Office no earlier than 60 days prior to their date of retirement.