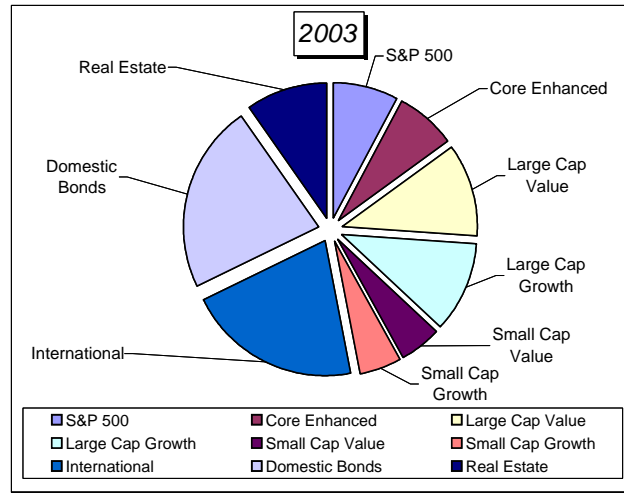
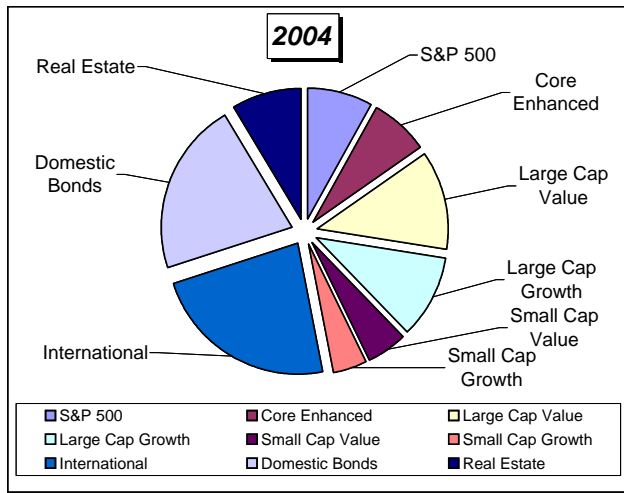


**Marin County Employees' Retirement Association
Investment Portfolio Distribution**



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

	2004	2003
Additions		
Employer Contributions	\$ 26,890,964	\$ 134,960,478
Employee Contributions	10,247,043	10,348,913
Total Contributions	<u>37,138,007</u>	<u>145,309,391</u>
Investment Income		
Net Appreciation in Fair Market Value of Assets	154,674,996	\$ (6,660,826)
Interest	7,322,600	7,642,903
Dividends	3,693,246	3,013,383
Real Estate Income (Net)	7,911,621	8,282,513
Soft Dollar Recapture	55,934	35,175
Miscellaneous Income	6,885	41,957
Security Lending Income	248,836	179,415
	<u>173,914,118</u>	<u>12,534,520</u>
Less Investment Expense	<u>(4,411,333)</u>	<u>(3,944,738)</u>
Net Investment Income	<u>169,502,785</u>	<u>8,589,782</u>
Total Additions	<u>206,640,792</u>	<u>153,899,173</u>
Deductions		
Benefits	50,446,022	44,891,672
Health/Life Insurance	6,858,464	5,827,630
Refund of Contributions	592,660	492,588
Administrative Costs	1,258,798	941,228
Actuarial Costs	123,550	76,115
	<u>59,279,494</u>	<u>52,229,233</u>
Net Increase	147,361,298	101,669,940
Net Assets beginning of year	<u>935,491,460</u>	<u>833,821,520</u>
Net Assets Held in Trust as of June 30	<u>\$ 1,082,852,758</u>	<u>\$ 935,491,460</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, 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, 2004

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, 2004 and 2003. 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>2004</u>		<u>2003</u>	
<u>Assets</u>				
Cash and Short Term Investments	\$	25,798,719	\$	30,414,370
Receivables				
Contributions	\$	1,392,932	\$	937,254
Interest		1,583,488		1,568,033
Investments Receivable		2,257,889		7,816,691
Dividends		302,371		307,409
Other		<u>746,852</u>		<u>710,527</u>
		6,283,532		11,339,914
Investments at Fair Market Value				
Domestic Equities		476,567,106		427,811,564
International Equities		275,895,539		196,292,338
Domestic Fixed Income		258,298,418		227,641,886
First Deeds of Trust		8,968		11,227
Real Estate		<u>92,720,000</u>		<u>92,300,000</u>
		1,103,490,031		944,057,015
Other Assets				
Collateral for Loaned Securities		127,857,868		106,917,873
Prepaid Insurance		<u>466,489</u>		<u>424,814</u>
Total Assets		1,263,896,639		1,093,153,986
<u>Liabilities</u>				
Security Deposits	\$	745,487	\$	702,276
Advisor Fees Payable		579,433		666,247
Investments Payable		50,245,403		48,223,265
Other Payables		1,615,690		1,152,865
Collateral for Loaned Securities		<u>127,857,868</u>		<u>106,917,873</u>
		181,043,881		157,662,526
Net Assets Held In Trust for Pension Benefits				
	\$	<u>1,082,852,758</u>	\$	<u>935,491,460</u>

**Investment Portfolio Performance
As of June 30**

Annualized Returns		
1 Year	18.48%	
3 Years	3.94%	
5 Years	3.89%	

**Portfolio Distribution
As of June 30**

	<u>2004</u>	<u>2003</u>
Stocks		
S&P 500	7.92%	7.76%
Core Enhanced	7.45%	7.23%
Large Cap Value	12.00%	11.19%
Large Cap Growth	10.35%	10.73%
Small Cap Value	4.95%	4.95%
Small Cap Growth	4.20%	5.16%
International	<u>23.17%</u>	<u>20.79%</u>
	<u>70.04%</u>	<u>67.81%</u>
Bonds		
Domestic	<u>21.40%</u>	<u>22.42%</u>
Real Estate	<u>8.56%</u>	<u>9.77%</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 and Vector Control District
Marin City Community Service District
Tamalpais Community Service District

Membership Statistics

	June 30
	<u>2004</u>
Number of:	
Safety Members	757
Miscellaneous Members	2483
Deferred Members	596
Retired Members	1637
Survivors & Beneficiaries	<u>244</u>
	<u>5717</u>

Notes to Members

- The complete financial statements for June 30, 2004 and 2003 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.