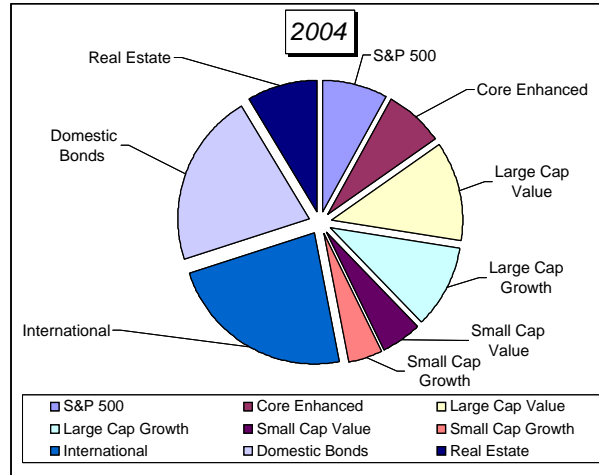
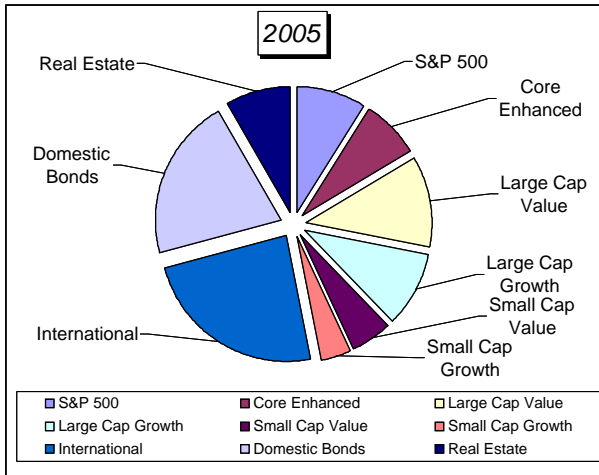


**Marin County Employees' Retirement Association  
Investment Portfolio Distribution**



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

	2005	2004
<b>Additions</b>		
Employer Contributions	\$ 32,080,873	\$ 26,890,964
Employee Contributions	<u>11,991,231</u>	<u>10,247,043</u>
<b>Total Contributions</b>	<b>44,072,104</b>	<b>37,138,007</b>
<b>Investment Income</b>		
Net Appreciation in Fair Market Value of Assets	88,525,058	\$ 154,674,996
Interest	8,708,489	7,322,600
Dividends	4,291,805	3,693,246
Real Estate Income (Net)	6,259,517	7,911,621
Soft Dollar Recapture	48,959	55,934
Miscellaneous Income	11,611	6,885
Security Lending Income	<u>181,768</u>	<u>248,836</u>
	108,027,207	173,914,118
Less Investment Expense	<u>(4,612,855)</u>	<u>(4,411,333)</u>
<b>Net Investment Income</b>	<b>103,414,352</b>	<b>169,502,785</b>
<b>Total Additions</b>	<b>147,486,456</b>	<b>206,640,792</b>
<b>Deductions</b>		
Benefits	57,215,128	50,446,022
Health/Life Insurance	8,054,185	6,858,464
Refund of Contributions	276,913	592,660
Administrative Costs	1,201,972	1,258,798
Actuarial Costs	192,075	123,550
Interest Paid on Prepayment	<u>195,716</u>	<u>0</u>
	67,135,989	<u>59,279,494</u>
<b>Net Increase</b>	<b>80,350,467</b>	<b>147,361,298</b>
<b>Net Assets beginning of year</b>	<b>1,082,852,758</b>	<b>935,491,460</b>
<b>Net Assets Held in Trust as of June 30</b>	<b>\$ 1,163,203,225</b>	<b>\$ 1,082,852,758</b>

**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 Associator

**June 30, 2005**

**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
Vacant	BOS Appointee, 5th
James Phillips	BOS Appointee, 6th
James Hufford	Safety Member, 7th
Allen Haim	Retiree, 8th
Milbrey Jones	BOS Appointee, 9th

Legal Counsel

Patrick Faulkner, County Counsel

Staff

Charnel K. Benner, 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, 2005 and 2004. Any questions should be directed to the retirement office.

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Sandra White, Chairperson

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

	<u>2005</u>		<u>2004</u>	
<b>Assets</b>				
Cash and Short Term Investments	\$ 26,496,691		\$ 25,798,719	
Receivables				
Contributions	\$ 1,687,975		\$ 1,392,932	
Interest	1,890,712		1,583,488	
Investments Receivable	17,626,532		2,257,889	
Dividends	285,124		302,371	
Other	<u>435,803</u>	21,926,146	<u>746,852</u>	6,283,532
Investments at Fair Market Value				
Domestic Equities	529,090,780		476,567,106	
International Equities	281,918,734		275,895,539	
Domestic Fixed Income	266,099,085		258,298,418	
First Deeds of Trust	6,484		8,968	
Real Estate	<u>98,000,000</u>	1,175,115,083	<u>92,720,000</u>	1,103,490,031
Other Assets				
Collateral for Loaned Securities	110,749,407		127,857,868	
Prepaid Insurance	394,074		466,489	
Total Assets	1,334,681,401		1,263,896,639	
<b>Liabilities</b>				
Security Deposits	\$ 728,807		\$ 745,487	
Advisor Fees Payable	857,150		579,433	
Investments Payable	52,416,210		50,245,403	
Other Payables	1,786,263		1,615,690	
Prepaid Contributions	4,940,339			
Collateral for Loaned Securities	<u>110,749,407</u>	<u>171,478,176</u>	<u>127,857,868</u>	<u>181,043,881</u>
<b>Net Assets Held In Trust for Pension Benefits</b>	\$ <u>1,163,203,225</u>		\$ <u>1,082,852,758</u>	

**Investment Portfolio Performance  
As of June 30**

Annualized Returns	
1 Year	10.13%
3 Years	9.70%
5 Years	3.76%

**Portfolio Distribution  
As of June 30**

	<u>2005</u>	<u>2004</u>
Stocks		
S&P 500	8.95%	7.92%
Core Enhanced	7.52%	7.45%
Large Cap Value	11.70%	12.00%
Large Cap Growth	9.60%	10.35%
Small Cap Value	5.30%	4.95%
Small Cap Growth	3.74%	4.20%
International	<u>24.09%</u>	<u>23.17%</u>
	<u>70.90%</u>	<u>70.04%</u>
Bonds		
Domestic	<u>20.73%</u>	<u>21.40%</u>
Real Estate	<u>8.37%</u>	<u>8.56%</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>2005</u>
Number of:	
Safety Members	642
Miscellaneous Members	2,013
Deferred Members	645
Retired Members	1,748
Survivors & Beneficiaries	<u>254</u>
	<u>5,302</u>

**Notes to Members**

- The complete financial statements for June 30, 2005 and 2004 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.