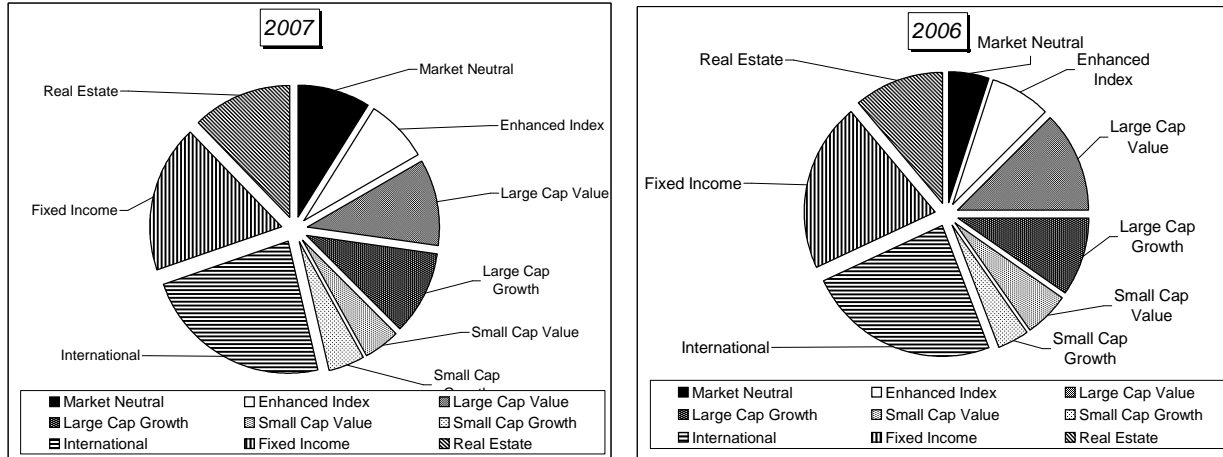


**Marin County Employees' Retirement Association
Investment Portfolio Distribution**



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

	2007	2006
Additions		
Employer Contributions	\$ 50,117,033	\$ 43,626,549
Employee Contributions	13,488,748	13,042,829
Total Contributions	<u>63,605,781</u>	<u>56,669,378</u>
Investment Income		
Net Appreciation in Fair Market Value of Assets	218,376,915	\$ 122,701,339
Interest	14,463,885	13,909,594
Dividends	5,176,852	4,158,264
Real Estate Income (Net)	4,722,322	6,163,610
Commission Recapture	64,923	74,661
Miscellaneous Income	79	803
Security Lending Income	208,513	223,250
	<u>243,013,489</u>	<u>147,231,521</u>
Less Investment Expense	(8,190,180)	(6,413,222)
Net Investment Income	<u>234,823,309</u>	<u>140,818,299</u>
Total Additions	<u>298,429,090</u>	<u>197,487,677</u>
Deductions		
Benefits	67,322,500	61,205,529
Health/Life Insurance	0	8,997,848
Refund of Contributions	627,743	821,943
Administrative Costs	1,830,955	1,262,844
Legal Expense	36,504	10,730
Actuarial Costs	131,128	104,774
Interest Paid on Prepayment	0	204,109
	<u>69,948,830</u>	<u>72,607,777</u>
Net Increase	<u>228,480,260</u>	<u>124,879,900</u>
Net Assets beginning of year	<u>1,288,083,125</u>	<u>1,163,203,225</u>
Net Assets Held in Trust as of June 30	<u>\$ 1,516,563,385</u>	<u>\$ 1,288,083,125</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 the 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 to change their beneficiary, they must apply in writing & complete the required form which is available from the Retirement Office.



**Marin County Employees'
Retirement Association**

ANNUAL REPORT

June 30, 2007

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
Charles McGlashan	BOS Appointee, 5th
James Phillips	BOS Appointee, 6th
James Hufford	Safety Member, 7th
Allen Haim	Retiree, 8th
Milbrey Jones	BOS Appointee, 9th
Josh Thomas	Retiree, Alternate

Legal Counsel

Ashley Dunning, Esq. Manatt, Phelps and Phillips

Staff

Chanel K. Benner, CFP, 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, 2007 and 2006. Any questions should be directed to the retirement office.

Jim Phillips, Vice Chairperson

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

	<u>2007</u>		<u>2006</u>	
<u>Assets</u>				
Cash and Short Term Investments	\$	65,447,652	\$	39,001,160
Receivables				
Contributions	\$	1,418,324	\$	2,335,161
Interest		1,720,260		2,032,903
Investments Receivable		5,260,254		23,689,696
Dividends		451,977		481,278
Other		<u>135,796</u>	8,986,611	<u>440,866</u>
				28,979,904
Investments at Fair Market Value				
Domestic Equities		725,665,541		560,341,451
International Equities		401,029,249		347,381,092
Domestic Fixed Income		144,698,157		255,477,460
International Fixed Income		7,682,522		8,435,870
First Deeds of Trust		0		3,755
Real Estate		<u>178,869,801</u>	1,457,945,270	<u>145,992,241</u>
				1,317,631,869
Other Assets				
Collateral for Loaned Securities	108,163,050		117,019,857	
Prepaid Insurance		<u>757,380</u>	753,896	<u>117,773,753</u>
Total Assets		1,641,299,963		1,503,386,686
<u>Liabilities</u>				
Security Deposits	\$	753,740	\$	723,647
Advisor Fees Payable		988,920		764,912
Investments Payable		7,450,271		89,432,911
Other Payables		7,380,597		2,217,786
Prepaid Contributions		0		5,144,448
Collateral for Loaned Securities		<u>108,163,050</u>	124,736,578	<u>117,019,857</u>
				215,303,561
Net Assets Held In Trust for Pension Benefits	\$	<u>1,516,563,385</u>	\$	<u>1,288,083,125</u>

Investment Portfolio Performance
As of June 30

Annualized Returns	
1 Year	18.75%
3 Years	13.78%
5 Years	12.04%

Portfolio Distribution
As of June 30

	<u>2007</u>	<u>2006</u>
Stocks		
Market Neutral	8.77%	5.01%
Enhanced Index	7.81%	7.48%
Large Cap Value	10.63%	12.64%
Large Cap Growth	10.35%	9.53%
Small Cap Value	4.38%	5.68%
Small Cap Growth	4.51%	3.91%
International	23.28%	23.90%
	<u>69.73%</u>	<u>68.15%</u>
Fixed Income	<u>18.08%</u>	<u>20.72%</u>
Real Estate	<u>12.19%</u>	<u>11.13%</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>2007</u>
Number of:	
Safety Members	783
Miscellaneous Members	2,402
Deferred Members	350
Retired Members	1,869
Survivors & Beneficiaries	<u>271</u>
	<u>5,675</u>

Notes to Members

- The complete financial statements for June 30, 2007 and 2006 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.