

## Schedule of Funding Progress

(All \$ in millions, as of June 30, 2011)

Fiscal Year Ending June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2011	\$ 1,430.3	\$ 1,985.1	\$ 554.8	72.1%
2010	1,368.7	1,929.7	561.0	70.9%
2009	1,343.3	1,862.4	519.2	72.1%
2008	1,485.9	1,769.6	283.7	84.0%
2007	\$ 1,352.0	\$ 1,582.9	\$ 231.0	85.4%

## Net Assets Held in Trust for Pension Benefits

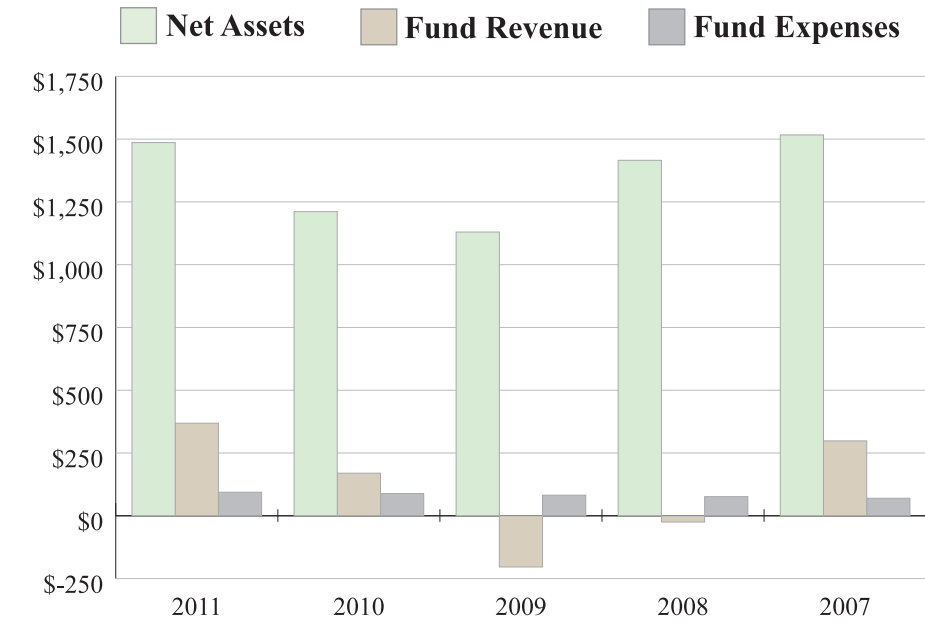
(All \$ in millions, as of June 30, 2011)

Fiscal Year Ending June 30	Total Assets	Total Liabilities	Total Fund Net Assets	Increase (Decrease) in Net Assets
2011	\$ 1,621.8	\$ 135.8	\$ 1,486.1	\$ 274.8
2010	1,306.3	95.1	1,211.2	81.2
2009	1,186.8	56.7	1,130.0	(285.6)
2008	1,545.2	129.6	1,415.6	(101.0)
2007	1,641.3	124.7	1,516.6	228.5
2006	1,503.4	215.3	1,288.1	124.9
2005	1,334.7	171.5	1,163.2	80.4
2004	1,263.9	181.0	1,082.9	147.4
2003	1,093.2	157.7	935.5	101.7
2002	\$ 970.3	\$ 136.5	\$ 833.8	\$ (77.3)

**Total Fund Net Assets** are the assets at market value available to pay benefits.

## Net Assets, Fund Revenue, Fund Expenses

(All \$ in millions, as of June 30, 2011)



## Historical Membership

Fiscal Year Ending June 30	Number of Active Members	Number Receiving Benefits	Number of Deferred Members	Average Annual Benefit
2011	2,546	2,545	582	\$ 36,284
2010	2,628	2,431	596	34,799
2009	2,763	2,335	717	33,721
2008	2,818	2,294	724	32,189
2007	2,767	2,215	751	\$ 30,825

**Membership** includes the total number of active employees paying into the plan and the total number of retired members and beneficiaries drawing monthly pension benefits. **Average Annual Benefit** is the average benefit received including the basic retirement pension plus COLA.

## Fund Revenue

(All \$ in millions, as of June 30, 2011)

Fiscal Year Ending June 30	Employer Pension Contributions	Employee Pension Contributions	Net Investment Income (Loss)
2011	\$ 66.3	\$ 16.8	\$ 285.7
2010	56.3	17.4	96.0
2009	54.6	17.4	(275.8)
2008	58.1	15.9	(98.7)
2007	\$ 50.1	\$ 13.5	\$ 234.8

**Net Investment Income** is the total interest and dividends earned by all investments as well as the change in market value of all investments, less investment fees. The primary sources of funds to finance retirement benefits are accumulated through income on investments and through the collection of employee and employer contributions.

## Fund Expenses

(All \$ in millions, as of June 30, 2011)

Fiscal Year Ending June 30	Pension Benefits	Refunds	Administrative Expense	Other Expense
2011	\$ 89.7	\$ 0.6	\$ 2.8	\$ 0.8
2010	83.7	1.0	3.0	0.8
2009	77.4	1.1	2.7	0.9
2008	72.2	0.5	2.9	0.7
2007	\$ 67.3	\$ 0.6	\$ 1.8	\$ 0.2

The primary uses of assets are the payment of pension benefits to retirees and beneficiaries, refunds of contributions to former employees, and the cost of administering the system.

More detailed information can be found in the actuarial valuation reports and audited financial statements, available at our office:

MCERA  
One McInnis Parkway, Suite 100  
San Rafael, CA 94903-2764  
or on our website at [www.mcera.org](http://www.mcera.org)

## Pension Benefit Assets and Investment Returns

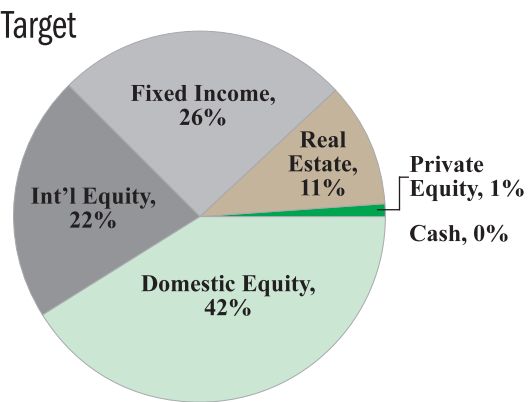
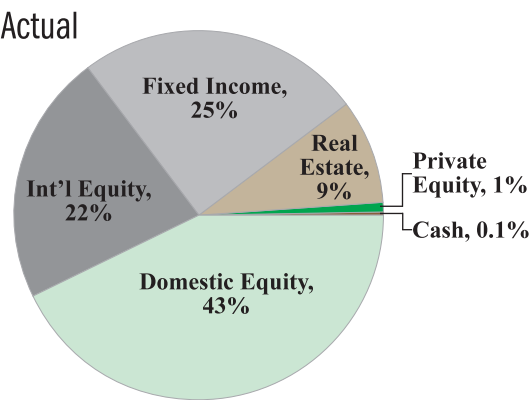
(All \$ in millions, as of June 30, 2011)

Investment	Market Value	2011 Return	3-Year Return	5-Year Return	10-Year Return
Domestic Large Cap Equity	\$ 491.4	32.1%	2.0%	1.7%	3.2%
<i>Benchmark: S&amp;P 500</i>		30.7%	3.3%	2.9%	2.7%
Domestic Small Cap Equity	144.9	48.2%	11.6%	3.4%	6.5%
<i>Benchmark: Russell 2000</i>		37.4%	7.8%	4.1%	6.3%
International Equity	319.6	31.8%	(0.8%)	2.9%	6.1%
<i>Benchmark: MSCI ACWI ex-US IMI Index</i>		30.3%	0.3%	4.0%	8.0%
Fixed Income	372.4	5.6%	6.7%	6.4%	5.8%
<i>Benchmark: Barclays Aggregate</i>		3.9%	6.5%	6.5%	5.7%
Real Estate	131.6	12.7%	(8.3%)	0.2%	2.1%
<i>Benchmark: NCREIF Total/Classic Blend</i>		16.7%	(2.6%)	3.4%	7.2%
Private Equity	21.5	(5.7%)	-	-	-
<i>Benchmark: Russell 3000</i>		32.4%	4.0%	3.4%	3.4%
Cash	1.3	0.0%	0.1%	1.8%	1.8%
Total MCERA Fund	\$1,482.7	23.5%	2.3%	3.3%	4.8%
<i>Benchmark: Composite Benchmark</i>		22.6%	3.4%	4.2%	5.4%

This chart shows the market value at fiscal year end and the investment returns for 1-year, 3-year, 5-year and 10-year periods. The **Private Equity** program was initiated less than 3 years ago; 3-year, 5-year and 10-year returns are not available. **Cash** is cash held by the custodian. **Returns** are shown after investment fees and administrative expenses. **Benchmarks** are market return comparisons for similar investments to the MCERA investment portfolio.

## Asset Allocation

(as of June 30, 2011)



## Annual Net Investment Returns

(as of June 30, 2011)

Fiscal Year Ending June 30	Net Investment Return
2011	23.5%
2010	8.3%
2009	(19.5)%
2008	(6.0)%
2007	18.5%
2006	12.6%
2005	10.1%
2004	18.5%
2003	1.2%
2002	(6.3)%

Investment returns are shown after investment fees and administrative expenses.





Marin County Employees' Retirement Association  
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San Rafael, CA 94903-2764

## Board of Retirement

Bernadette Bolger  
Greg Brenk  
Chris Cooper  
Roy Given  
Maya Gladstern  
Allen Haim  
Howard McFarland  
Alan Piombo  
Gerald Richardson  
Kim Stevens  
Sean Webb

## Our mission:

*Our mission is to provide superior customer service to members and beneficiaries of the Marin County Employees' Retirement Association through efficient benefits administration and a commitment to integrity and prudent financial management.*

# Popular Annual Financial Report

Fiscal Year Ended  
June 30, 2011

Marin County Employees' Retirement Association

## Comments from MCERA's Administrator

I am pleased to provide you with the first Popular Annual Financial Report (PAFR) of the Marin County Employees' Retirement Association (MCERA) for the fiscal year ended June 30, 2011.

The PAFR is based on MCERA's annual audited financial statements for 2011 and provides a summary of the plan's financial information, including selected actuarial data for the past year. The financial data presented in the PAFR and audited financial statements conforms to generally accepted accounting principles.

This report is intended to provide you with an understanding of the Plan's overall financial condition for the fiscal year ended June 30, 2011. The complete audited financial statements and actuarial valuation report are available upon request or online at [www.mcera.org](http://www.mcera.org).

### Financial Highlights

Brown Armstrong Accountancy Corporation audited the financial statements for fiscal year ending June 30, 2011 and issued an unqualified (clean) opinion. Total assets of \$1,621.8 million less liabilities of \$135.8 million resulted in total net assets held in trust for retirement benefits of \$1,486.1 million.

### Funding Status

MCERA's funding objective is to meet long-term benefit obligations by maintaining a well-funded plan status and obtaining optimum investment returns. Funding status is determined annually with the completion of the actuarial valuation report. As of June 30, 2011, the plan's funded ratio was 72.1%, reflecting an increase of 1.2% over the prior year. Plan sponsors historically have contributed 100% of required contributions each year.

### Investment Highlights

The Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of trust fund assets. The IPS establishes the investment program goals, asset allocation policies, performance objectives, investment management policies and risk controls. The IPS also defines the principal duties of the Board, custodian bank, and investment managers. For the fiscal year ending June 30, 2011, the total fund return was 23.5% after fees and expenses.

### Membership Highlights

MCERA's members include all regular hire employees working at least 75% of full-time in eligible positions and retirees of City of San Rafael, County of Marin, Local Agency Formation Commission (LAFCO), Marin City Community Services District, Marin/Sonoma Mosquito & Vector Control District, Marin Superior Court, Novato Fire Protection District, Southern Marin Fire Protection District and Tamalpais Community Services District. Membership also includes deferred members who have left employment but have not yet retired. As of June 30, 2011, there were 5,673 total members, a slight increase over the previous year's total of 5,655. The average annual retirement benefit was \$36,284.

### Service Efforts and Accomplishments

Services provided to customers include, but are not limited to, calculating retirement benefits and retirement benefit estimates, determining eligibility for service and non-service connected disability retirements, calculating service purchases, and developing informational and educational publications for members and plan sponsors.

Following are a few highlights of our efforts and accomplishments from July 1, 2010 to June 30, 2011:

- Development of MCERA's new benefit administration software system continued to move forward as staff prepared for full implementation in early 2012.
- We completed and submitted an application to the Internal Revenue Service for a favorable tax qualification determination letter.
- We enhanced the availability of financial reports on our website and responded to a number of requests for information under the Public Records Act.
- Staff developed the first comprehensive Welcome Guide, a reference booklet for new members which contains the most important things members should be aware of as they begin their MCERA-covered employment.

Respectfully submitted,

Jeff Wickman  
Retirement Administrator