

Richard A. White, Jr.  
Retirement Administrator



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**MENDOCINO COUNTY**  
**EMPLOYEES' RETIREMENT ASSOCIATION**  
625-B KINGS COURT  
UKIAH, CALIFORNIA 95482-5027

Date: July 17, 2013  
To: Board of Retirement  
From: Richard White, Retirement Administrator *RAW*  
Subject: Monthly Financial Report and Fiscal Year 2012-2013 Budget Report

**A. Financial Reports**

The monthly reports for May 2013 are included for your review. These reports are preliminary reports.

**1. Statement of Plan Net Assets.**

- This report details a "snapshot" of account balances for the period covered and the fiscal year to date activity. The report indicates the assets available for future payments to retirees and any current liabilities owed.

**2. Statement of Changes in Plan Net Assets.**

- This report details a view of the current fiscal year additions to and deductions from the plan and covers the most recently available and the fiscal year to date activity.

**3. Cash Flow Analysis.**

- This report is a 'snapshot' of the cash available to MCERA during the reporting period. MCERA monitors the cash within the fund in accordance with the cash flow policy.

**4. Rental Income – Net of Expenses.**

- This report shows the rental income received by the two tenants (State of California and MCERA) and the expenses associated with the 625 Kings Court trust fund asset.

**5. Vendor Ledger.**

- This report is generated from the Peachtree accounting system and includes vendor transactions and balances for the month of June, 2013.

## B. Fiscal Year 2012-2013 Budget Report

The preliminary report on the actual expenses incurred during Fiscal Year 2012-2013 is included for your review and summarized below.

MCERA fiscal policy is that the administrative expenses incurred in any year will be charged against the earnings of the retirement fund and will not exceed twenty-one hundredths of one percent (0.21%) of MCERA's actuarial accrued liability.

The preliminary report at the end of fiscal year 2012-2013 shows that the administrative expenses of the fund were 0.17% of the administrative statutory cap.

### SUMMARY:

- |   |               |
|---|---------------|
| • Actuarial accrued liability, as of June 30, 2012          | \$489,014,364 |
| • Administrative cap of .21% of Actuarial Accrued Liability | \$ 1,026,930  |
| • Administrative expense through end of fiscal year         | \$ 836,934    |
| • Actual expense to statutory fiscal year cap:              | .17%          |

### CATEGORIES SUBJECT TO ADMINISTRATIVE CAP:

- |                                   |            |
|-----------------------------------|------------|
| • <b>Personnel Expenses:</b>      |            |
| ○ Budget:                         | \$ 429,609 |
| ○ Expenses:                       | \$ 414,365 |
| ○ Percentage (Actual/Budget):     | 96%        |
| • <b>Administrative Expenses:</b> |            |
| ○ Budget:                         | \$ 327,778 |
| ○ Expenses:                       | \$ 309,327 |
| ○ Percentage (Actual/Budget):     | 94%        |
| • <b>Disability Expenses:</b>     |            |
| ○ Budget:                         | \$ 105,000 |
| ○ Expenses:                       | \$ 31,754  |
| ○ Percentage (Actual/Budget):     | 30%        |
| • <b>625 Kings Court</b>          |            |
| ○ Budget:                         | \$ 76,200  |
| ○ Expenses:                       | \$ 81,489  |
| ○ Percentage (Actual/Budget):     | 107%       |

### BUDGET/EXPENDITURE NOT SUBJECT TO ADMINISTRATIVE CAP:

- |                               |            |
|-------------------------------|------------|
| • <b>Technology</b>           |            |
| ○ Budget:                     | \$ 300,090 |
| ○ Expenses:                   | \$ 42,756  |
| ○ Percentage (Actual/Budget): | 14%        |

- **Investment**

- Budget: \$ 469,600
- Expenses: \$ 385,567
- Percentage (Actual/Budget): 82%

The preliminary end-of-year budget report is included for the Board's review and discussion.

Attachments

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF PLAN NET ASSETS**

**May 31, 2013**

**Preliminary**

**ASSETS**

**CASH AND EQUIVALENTS**

Trust Cash-held at county \$ 2,811,813

**TOTAL CASH AND EQUIVALENTS** **2,811,813**

**CURRENT ASSETS**

Accounts Receivable 3,000

Recoupments 204

**TOTAL CURRENT ASSETS** **3,204**

**PROPERTY AND EQUIPMENT**

Equipment 3,786

**TOTAL PROPERTY AND EQUIPMENT** **3,786**

**INVESTMENTS, ADJUSTED TO MARKET**

Unrealized Gain(Loss) Invest 65,291,655

Fixed Income 90,619,505

International Equities 86,115,122

Small Cap Equities 21,033,686

Mid Cap Equities 13,624,816

Large Cap Equities 79,464,954

Real Estate 29,830,475

**TOTAL INVESTMENTS, AT MARKET** **385,980,213**

**TOTAL ASSETS** **\$ 388,799,016**

**LIABILITIES**

**CURRENT LIABILITIES**

Accrued Wages - 1920 Account \$ 372,281

Buck Settlement Reserve 248,093

**TOTAL CURRENT LIABILITIES** **620,374**

**TOTAL NET ASSETS** **\$ 388,178,642**

**Note: This statement is preliminary and subject to change throughout the fiscal quarter as new information becomes available**

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**For the Eleven Months Ended May 31, 2013**  
**Preliminary**

	<b>CURRENT MONTH</b>	<b>YEAR TO DATE</b>
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
Employer	\$ 1,475,301	\$ 13,006,140
Plan Members	506,613	4,260,724
	<b>1,981,914</b>	<b>17,266,864</b>
<b>INVESTMENT INCOME</b>		
Unrealized Gain/(Loss) Invests	3,345,190	35,632,106
Rental Income, Net of Expenses	1,019	64,317
Interest	0	23,223
Dividends	267,400	6,662,577
Capital Gains	1,430,572	11,425,213
Less Investment Expense	(94,704)	(510,496)
	<b>4,949,477</b>	<b>53,296,940</b>
<b>Net Investment Income</b>		
	<b>6,931,391</b>	<b>70,563,804</b>
<b>DEDUCTIONS</b>		
Benefit Payment, Subsidies, & Refunds	(2,369,529)	(24,368,049)
Administrative Expenses	(83,602)	(753,920)
	<b>2,453,131</b>	<b>25,121,969</b>
<b>TOTAL DEDUCTIONS</b>		
	<b>4,478,260</b>	<b>45,441,835</b>
<b>Increase (Decrease) in Net Assets</b>		
	<b>383,700,389</b>	<b>342,736,812</b>
<b>NET ASSETS</b>		
Beginning of Period	383,700,389	342,736,812
End of Period	\$ <b>388,178,649</b>	\$ <b>388,178,647</b>

**Note: This statement is preliminary and subject to change throughout the fiscal quarter as new information becomes available**

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**CASH FLOW ANALYSIS**  
**For the Eleven Months Ended May 31, 2013**  
**Preliminary**

	<b>CURRENT MONTH</b>	<b>YEAR TO DATE</b>
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
Employer	1,475,301	13,006,140
Plan Member	506,613	4,260,724
	<b>1,981,914</b>	<b>17,266,864</b>
<b>INVESTMENT INCOME</b>		
Rental Income, Net of Expenses	1,019	64,317
Interest	0	23,223
Dividends	(15,241)	2,807,365
Capital Gains	0	0
Less Investment Expense	(94,704)	(510,496)
	<b>(108,926)</b>	<b>2,384,409</b>
	<b>1,872,988</b>	<b>19,651,273</b>
<b>DEDUCTIONS</b>		
Benefit Payments and Subsidies	(2,369,529)	(24,368,051)
Administrative Expenses	(83,602)	(753,920)
	<b>(2,453,131)</b>	<b>(25,121,971)</b>
<b>OTHER INCREASES/(DECREASES)</b>		
Accounts Receivable	261	(550)
Accounts Payable	7,790	218,316
Buck Settlement	0	0
Sale/Purchase of Investments	2,937,343	6,210,588
	<b>2,945,394</b>	<b>6,428,354</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>\$ 2,365,251</b>	<b>\$ 957,656</b>
<b>SUMMARY</b>		
Cash at End of Period	\$ 2,811,813	\$ 2,811,813
Cash at Beginning of Period	1,226,935	2,634,526
<b>INCREASE (DECREASE) IN CASH</b>	<b>\$ 1,584,878</b>	<b>\$ 177,287</b>

**Note: This statement is preliminary and subject to change throughout the fiscal quarter as new information becomes available**

**Mendocino County Employees' Retirement Association**  
**Rental Income - Net of Expenses**  
For the Eleven Months Ending May 31, 2013

	<u>Current Month</u>		<u>Year to Date</u>		
<b>Revenues</b>					
Rental Income	\$	4,267	0.08	\$ 110,362	0.20
		<hr/>		<hr/>	
Total Revenues		4,267	0.08	110,362	0.20
		<hr/>		<hr/>	
<b>Building Expenses</b>					
Building Expenses		16	0.00	18,833	0.03
Landscape & Maintenance		1,670	0.03	14,286	0.03
Security		361	0.01	2,233	0.00
Insurance		0	0.00	2,342	0.00
Utilities		1,201	0.02	8,351	0.02
		<hr/>		<hr/>	
Total building operating expenses		3,248	0.06	46,045	0.09
		<hr/>		<hr/>	
Net Income	\$	1,019	0.02	\$ 64,317	0.12
		<hr/> <hr/>		<hr/> <hr/>	

**MCERA**  
**Vendor Ledgers**  
**For the Period From Jun 1, 2013 to Jun 30, 2013**

Filter Criteria includes: Report order is by ID.

Date	Vendor	Debit Amt	Credit Amt
	AFLAC, INC.		
	Alliance Bernstein		
	Alliant Insurance Services, Inc.		
	AMCRE		
6/27/13	Anthony Graham	1,200.00	1,200.00
	Hewitt Ennis Knupp, Inc		
	Arbitration and Mediation Center		
6/13/13	AT&T	47.40	47.40
6/27/13		122.15	122.15
6/6/13	Bob Mirata	150.39	150.39
6/27/13		300.00	300.00
	CALAPRS		
	Callan Associates, Inc.		
	California State Dusbusement Unit		
	California Exterminators Alliance		
	Canteen Services		
	Capital Insurance Group		
	Christie O'Farrall		
6/27/13	City of Ukiah	35.40	35.40
6/27/13		235.58	235.58
6/27/13		95.05	95.05
6/27/13		205.22	205.22
6/27/13		554.68	554.68
6/20/13	Clearly Mendocino Water Company	18.00	18.00
	County of Mendocino		
6/13/13	Curry's Discount Inc.	43.20	43.20
	David P Suchard, MD, MPH		
6/13/13	Department of Rehabilitation	44.95	44.95
6/13/13	Deep Valley Security	24.95	24.95
	EDD		
6/27/13	Edward Stephens	300.00	300.00
	Eureka Oxygen Co		
6/6/13	Fechter & Company, CPAs	5,271.00	5,271.00
	Gallina, LLP		
6/3/13	General Services Agency	32.02	32.02

**MCERA**  
**Vendor Ledgers**  
**For the Period From Jun 1, 2013 to Jun 30, 2013**

Filter Criteria includes: Report order is by ID.

Date	Vendor	Debit Amt	Credit Amt
6/13/13	Hanson Bridgett	1,574.10	1,574.10
	IRS		
	IRS - Garnishment		
	Jacob P. Panzarelli, PHD		
	James Anderson		
	Jeff Berk		
	Jeffrey A Rapp, MD		
	Jennifer Bennett-Jordan, LCSW		
6/13/13	John Sakowicz	150.57	150.57
6/27/13		300.00	300.00
	Judith Zeller		
6/27/13	Katy Richardson	243.08	243.08
	Kendall Smith		
6/20/13	Linea Solutions	11,385.00	11,385.00
6/6/13	Lloyd Weer	135.70	135.70
	Manatt, Phelps, Phillips, LLP		
	Melissa Staehle, Ph.D.		
	Mendocino Access Television		
	Mendocino Roofing, Inc.		
	Michel R. Mandel, MD		
6/6/13	Moonlight Cleaning Service	900.00	900.00
6/6/13		400.00	400.00
	Mondrian Investment Partners Limited		
	Pacific Group Agencies, Inc.		
	Peter Stadler		
6/20/13	PG&E	82.07	82.07
	The Public Retirement Journal		
	Randall Goodman		
	Reliance Enterprises		
6/27/13	Richard Shoemaker	300.00	300.00
	Richard White		
	SACRS		
6/13/13	SEGAL	34,983.00	34,983.00

**MCERA**  
**Vendor Ledgers**  
**For the Period From Jun 1, 2013 to Jun 30, 2013**

Filter Criteria includes: Report order is by ID.

Date	Vendor	Debit Amt	Credit Amt
6/13/13	Shred-It USA-Concord	17.02	17.02
	Small World Solutions		
6/20/13	Sonoma County Counsel	556.25	556.25
	Sonoma Sweepers, Inc.		
6/27/13	Timothy Knudsen	200.00	200.00
6/6/13 6/27/13	Toshiba Financial Services	187.49 126.22	187.49 126.22
	Tyler Technologies		
6/13/13	Ukiah Waste Solutions, Inc.	62.07	62.07
	US Bank		
	US Bank Cal Card		
6/27/13	Verizon Wireless	20.35	20.35
	VINTAGE REPORTING SERVICES		
	Waters Construction, Inc.		
		<b>60,302.91</b>	<b>60,302.91</b>

MCERA FY 2012-2013					
Budget and Actual Expense					
June 30, 2013					
Preliminary Report					
FY 2012/13	BUDGET	ACTUAL	AVAILABLE/UNSPENT	PERCENTAGE	NOTES
<b>Personnel</b>					
Gross Regular Salaries	\$ 254,617	\$ 260,130	\$ (5,513)	102%	(1)
Extra Help	15,000	-	15,000	0%	
Retirement	59,032	60,071	(1,039)	102%	
Social Security	13,599	15,138	(1,539)	111%	
Social Security B	3,448	3,540	(93)	103%	
Retirement Cola	27,957	28,449	(492)	102%	
Health Insurance	51,030	42,434	8,596	83%	(2)
Unemployment Insurance	3,215	3,215	-	100%	(3)
Workers Comp	1,711	1,388	323	81%	(3)
<b>Sub-Total Personnel</b>	<b>\$ 429,609</b>	<b>\$ 414,365</b>	<b>\$ 15,244</b>	<b>96%</b>	
<b>Administrative</b>					
	REVISED	ACTUAL	AVAILABLE/UNSPENT	PERCENTAGE	
Communications	2,450	2,760	(310)	113%	
General Insurance	1,328	879	449	66%	
Membership	6,000	5,050	950	84%	
Office Expense	13,000	10,126	2,874	78%	
Legal Expense	100,000	119,400	(19,400)	119%	(4)
Contracts	97,250	66,498	30,752	68%	(5)
Travel In-County	300	677	(377)	226%	
Travel Out of County	-	-	-		(14)
Board Meeting Stipend	7,500	7,800	(300)	104%	
Board Education	15,000	17,386	(2,386)	116%	
Staff Education	15,000	13,383	1,617	89%	(9)
Audit	34,950	27,763	7,188	79%	(11)
Fiduciary Insurance	35,000	37,605	(2,605)	107%	(6)
<b>Subtotal Administrative</b>	<b>\$ 327,778</b>	<b>\$ 309,327</b>	<b>\$ 18,451</b>	<b>94%</b>	
<b>Total Personnel and Administrative</b>	<b>\$ 757,387</b>	<b>\$ 723,691</b>	<b>\$ 33,695</b>	<b>96%</b>	
<b>Disability</b>					
	REVISED	ACTUAL	AVAILABLE/UNSPENT	PERCENTAGE	
Disability Legal Expenses	50,000	12,555	37,445	25%	
Disability Hearings	20,000	-	20,000	0%	
Disability Medical Reviews	35,000	19,199	15,801	55%	(7)
<b>Subtotal Disability</b>	<b>105,000</b>	<b>31,754</b>	<b>73,246</b>	<b>30%</b>	
<b>625 Kings Court</b>					
	REVISED	ACTUAL	AVAILABLE/UNSPENT	PERCENTAGE	
Building Expenses	25,000	30,289	(5,289)	121%	
Imputed Rent Expense	51,200	51,200	-	100%	
<b>Subtotal 625 Kings Court</b>	<b>76,200</b>	<b>81,489</b>	<b>(5,289)</b>	<b>107%</b>	
<b>Total Operating Budget</b>	<b>\$ 938,587</b>	<b>\$ 836,934</b>	<b>\$ 101,652</b>	<b>89%</b>	
<b>Administrative Budget Cap</b>	<b>\$ 1,026,930</b>	<b>\$ 1,026,930</b>			[A]
<b>Administrative Cap Maximum</b>	<b>0.21</b>	<b>0.21</b>			[B]
<b>Balance Over/(Under) Budget Cap</b>	<b>\$ (88,343)</b>	<b>\$ (189,996)</b>			
<b>Administrative Cap Percentage</b>	<b>0.19</b>	<b>0.17</b>			
<b>Technology</b>					
	REVISED	ACTUAL	AVAILABLE/UNSPENT	PERCENTAGE	[C]
Automation	300,090	42,756	\$ 257,334	14%	(10)
<b>Subtotal Technology</b>	<b>\$ 300,090</b>	<b>\$ 42,756</b>	<b>\$ 257,334</b>	<b>14%</b>	
<b>Investment</b>					
	REVISED	ACTUAL	AVAILABLE/UNSPENT	PERCENTAGE	[C]
Alliance Berstein Fees	\$ 39,000	\$ 47,812	\$ (8,812)	123%	
Mondrian Fees	105,000	94,704	10,296	90%	(13)
Cornerstone Fees	110,000	-	110,000	0%	(12)
Investment Consultant	145,600	144,200	1,400	99%	(8)
Actuarial Services	70,000	98,851	(28,851)	141%	
<b>Subtotal Investment</b>	<b>\$ 469,600</b>	<b>\$ 385,567</b>	<b>\$ 84,033</b>	<b>82%</b>	
<b>MCERA TOTAL BUDGET/EXPENSES</b>	<b>\$ 1,708,277</b>	<b>\$ 1,265,257</b>	<b>\$ 443,020</b>	<b>74%</b>	
<b>NOTES:</b>					
A.	Set to .21% of Actuarial Accrued Liability (\$489,014,364) as of 6/30/2012				
B.	Administrative Cap Percentage Maximum of .21%				
C.	Excluded from Administrative Cap per statute				
1.	FTE accountant position removed				
2.	Retirement Administrator Opted Out				
3.	Single charge for Fiscal Year				
4.	Excluded \$26,633 in legal fees charged to the Buck settlement (Contribution Correction)				
5.	Includes Fechter Contract; Jim Andersen consulting; Assessor contract; HEK travel expense;				
6.	Premium increase				
7.	Medical Advisor and Medical Examinations				
8.	Callan Associates contract re-newal				
9.	Revised includes \$10,000 addition approved by BOR on 2/20/2013				
10.	Includes IT consultant contract and imaging project budget				
11.	Includes Annual Contract, additional services; CAFR Review.				
12.	Manager fees are not directly billed				
13.	Does not include manager fees for April-June, 2013				
14.	Expenses included in Board and Staff Education items				

Richard A. White, Jr.  
Retirement Administrator



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**MENDOCINO COUNTY**  
EMPLOYEES' RETIREMENT ASSOCIATION  
625-B KINGS COURT  
UKIAH, CALIFORNIA 95482-5027

Date: July 17, 2013  
To: Board of Retirement  
From: Richard White, Retirement Administrator *RW*  
Subject: Monthly Investment Report

**1. Investment Goal Statements (excerpts from MCERA Investment Policy Statement)**

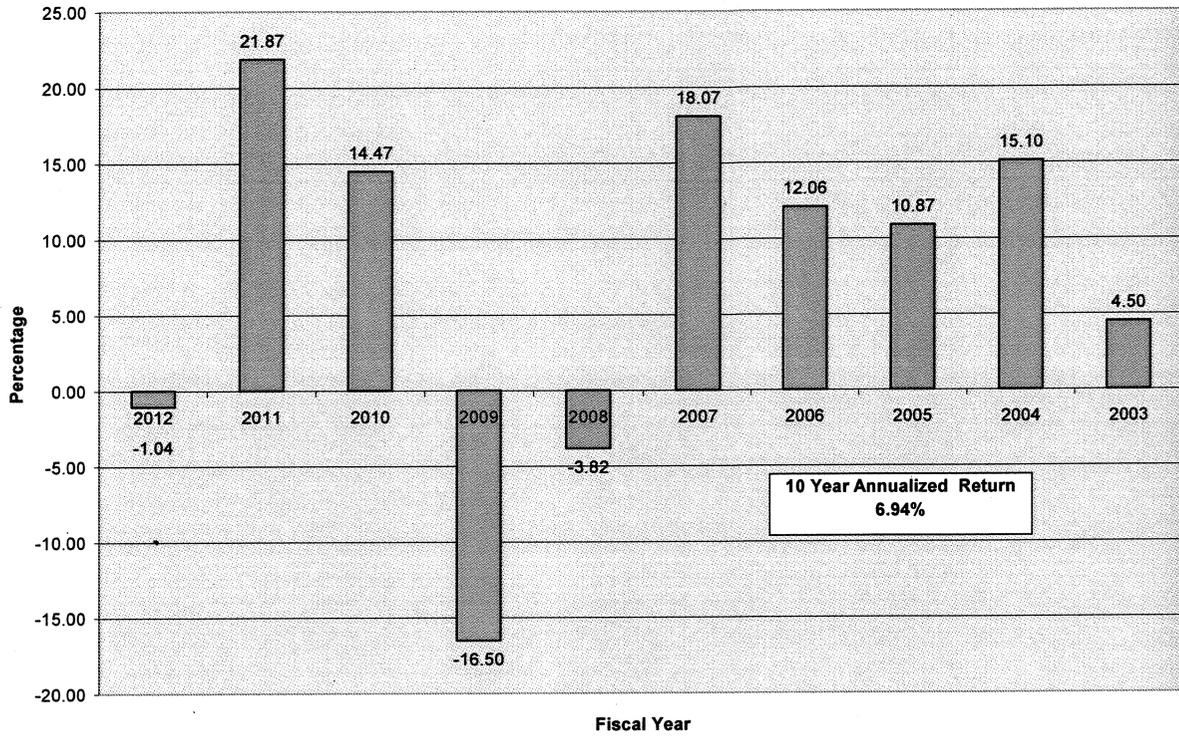
- a. The overall goal of MCERA's investments is to provide Plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937. This will be accomplished through a carefully planned and executed long-term investment program.
- b. The investment activities are designed and executed in a manner that serves the best interests of the members and beneficiaries of the Association.
- c. All transactions undertaken will be for the sole benefit of MCERA's members and beneficiaries and for the exclusive purpose of providing benefits to them, minimizing contributions to the Plan and defraying reasonable associated administrative expenses.

**2. Monthly Investment Report**

- a. The **June** preliminary investment trust fund balance account report shows an end-of-month balance of \$383,415,052. The Callan quarterly investment report with the performance reports and investment manager reports will be presented to the Board at the August meeting.
- b. The **May** preliminary unrealized gain (loss) analysis report is included for the Board's information.
- c. Investment market snapshots, from Pension and Investments, July 8, 2013:
  - i. **Fixed Income:** "First half to forget" Fixed income investors saw the Barclays U.S. Aggregate index fall 2.44% as 10-year U.S. Treasury yields rose. That was the second worst start to a year since the index's inception in 1976.
  - ii. **Equity:** "Equity ups and downs" U.S. stocks continued to climb higher on Fed stimulus. International equities – particularly emerging market stock – moved in a different direction. RETIs rose but suffered from the increase in interest rates.
  - iii. **Sector winners:** Health-care stocks benefited from a number of high-profile M&A deals, while consumer discretionary and financial stocks were helped by signs of an improving economy.
  - iv. **Commodities tarnished:** Concerns about Chinese economic growth took a toll on commodity prices. Gold fell 26% during the first half of the year.

### 3. MCERA Trust Fund Performance Information

MCERA Investment Returns



#### MCERA Investment Portfolio Performance

	One Year	Three Year	Five Year	Ten Year	16-Year
<b>Fiscal Year Ending 6-30-2012</b>	-1.04	11.35%	2.09%	6.94%	6.09%
<b>Calendar Year Ending 12-31-2012</b>	14.53%	8.57%	3.18%	-	-

#### MCERA Investment Portfolio Market Value

<b>June 30, 2013 (Preliminary)</b>	<b>\$ 383,415,052</b>
<b>March 31, 2013</b>	<b>\$ 381,456,435</b>
<b>December 31, 2012</b>	<b>\$ 363,785,244</b>
<b>September 30, 2012</b>	<b>\$ 357,411,731</b>
<b>June 30, 2012</b>	<b>\$ 343,863,518</b>

*NOTE: MCERA investment returns are reported net of investment manager fees and includes cash.*

Attachments

<b>MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION</b>			
<b>TRUST FUND ACCOUNT BALANCES</b>			
<i>Preliminary Report</i>			
June 30, 2013	SHARES	NAV	Ending Market Value
<b>DOMESTIC EQUITIES</b>			<b>\$ 156,732,922</b>
<b>LARGE CAP EQUITIES</b>			<b>106,837,379</b>
n	245,571.9690	\$47.67	11,706,416
American Fund: Investment Co. Of America	364,213.3790	\$33.65	12,255,780
Dodge & Cox Stock Fund	161,117.5560	\$142.06	22,888,360
Robeco Large Cap	1,431,304.6540	\$13.41	19,198,948
Harbor Capital Appreciation Fund	425,293.6380	\$46.53	19,788,913
Janus Research Fund I Shares	574,684.2240	\$36.54	20,998,962
<b>MID CAP EQUITIES</b>			<b>19,618,107</b>
Fidelity Investments Low Priced Stock Fund	108,255.7150	\$45.54	4,929,965
The Royce Total Return Fund	318,532.9030	\$15.23	4,851,256
Morgan Stanley Mid Cap Growth Portfolio Class I	121,020.3100	\$39.92	4,831,131
Janus Enterprise Fund I Shares	67,110.2670	\$74.59	5,005,755
<b>SMALL CAP EQUITIES</b>			<b>21,210,284</b>
Prudential Target Small Cap Val Port	457,843.8330	\$24.67	11,295,007
Alliance Bernstein	133,843.3000	\$39.02	5,223,101
Rs Investments Small Cap Growth Fund Y	80,969.3880	\$57.95	4,692,176
<b>MICRO CAP EQUITIES</b>			<b>9,067,152</b>
Managers Micro-Cap Institutional	206,446.9950	\$43.92	9,067,152
<b>INTERNATIONAL EQUITIES</b>			<b>\$ 97,299,025</b>
American Fund: Euro Pacific Growth Fund	439,792.9640	\$42.08	18,506,488
Harbor International Fund	290,559.0290	\$62.35	18,116,355
Columbia Acorn International Fund-Z	224,781.0310	\$42.76	9,611,637
Janus Overseas Fund I Shares	486,155.3360	\$33.08	16,082,019
Oakmark International Fund	733,218.3700	\$22.88	16,776,036
Mondrian All Countries World Ex-US Equity Fund	1,206,803.0221	\$15.09	18,206,490
<b>DOMESTIC FIXED INCOME</b>			<b>\$ 93,171,942</b>
Dodge & Cox Income Fund	3,399,062.2630	\$13.48	45,819,359
Pimco Total Return	4,400,797.6130	\$10.76	47,352,582
<b>REAL ESTATE</b>			<b>\$ 33,541,279</b>
Rreef Real Estate Securities Commingled Fund	203,776.0000	\$33.36	6,799,442
Rreef America Reit II			14,375,348.37
Cornerstone Patriot Fund LP	63,356.1040	\$183.53	11,627,496.54
625 Kings Court			738,992
<b>CASH</b>			<b>\$ 2,669,884</b>
Cash account balance			2,669,884
<b>TOTAL FUND*</b>			<b>\$ 383,415,052</b>
<b>June 30, 2012 FUND BALANCE*</b>			<b>\$ 343,863,518</b>

**Mendocino County Employee Retirement Association**  
**Unrealized Gain (Loss) Analysis**  
**May 31, 2013**

	A	B	C	E	F	
	Cost Basis	Market Value	Unrealized Gain	Start of Fiscal Year Market Value	Fiscal Year Change in Market Value	Updated to
<b>Domestic Fixed Income</b>						
PIMCO - Total Return Institutional	\$ 45,044,992	\$ 48,716,830	\$ 3,671,838	\$ 46,632,156	\$ 2,084,674	5/31/2013
Dodge & Cox - Income Fund	45,574,513	46,873,069	1,298,555	46,261,237	611,831	6/6/2013
<b>Total Domestic Fixed Income</b>	<b>90,619,505</b>	<b>95,589,898</b>	<b>4,970,393</b>	<b>92,893,393</b>	<b>2,696,505</b>	
<b>Small Cap Equities Growth</b>						
Alliance Bernstein - US Small Cap Growth Fund	1,967,850	5,166,458	3,198,608	4,294,111	872,347	5/31/2013
RS Investments - Small Cap Growth Fund Y	2,500,101	4,667,885	2,167,784	3,681,678	986,207	5/31/2013
Managers - Micro-Cap Institutional	6,400,253	8,864,834	2,464,581	7,012,372	1,852,462	5/31/2013
<b>Total Small Cap Equities Growth</b>	<b>10,868,204</b>	<b>18,699,177</b>	<b>7,830,974</b>	<b>14,988,161</b>	<b>3,711,016</b>	
<b>Small Cap Value</b>						
Prudential	10,165,482	11,404,890	1,239,408	6,530,308	4,874,582	5/31/2013
<b>Total Small Cap Value</b>	<b>10,165,482</b>	<b>11,404,890</b>	<b>1,239,408</b>	<b>6,530,308</b>	<b>4,874,582</b>	
<b>Total small cap equities</b>	<b>21,033,686</b>	<b>30,104,067</b>	<b>9,070,381</b>	<b>21,518,469</b>	<b>8,585,598</b>	
<b>Mid Cap Growth</b>						
Morgan Stanley	3,605,091	4,860,176	1,255,085	5,358,956	(498,780)	5/31/2013
Janus - Enterprise Fund	3,875,032	5,018,506	1,143,474	5,744,596	(726,090)	5/31/2013
<b>Total Mid Cap Growth</b>	<b>7,480,123</b>	<b>9,878,682</b>	<b>2,398,559</b>	<b>11,103,552</b>	<b>(1,224,870)</b>	
<b>Mid Cap Value</b>						
Fidelity Low Priced Stock Fund	2,891,675	4,938,626	2,046,951	5,443,053	(504,427)	5/31/2013
Royce - Total Return Fund	3,253,018	4,879,924	1,626,906	5,197,692	(317,768)	6/6/2013
<b>Total Mid Cap Value</b>	<b>6,144,693</b>	<b>9,818,550</b>	<b>3,673,857</b>	<b>10,640,745</b>	<b>(822,196)</b>	
<b>Total mid cap equities</b>	<b>13,624,815</b>	<b>19,697,232</b>	<b>6,072,416</b>	<b>21,744,297</b>	<b>(2,047,066)</b>	
<b>Large Cap Growth</b>						
American Fund-Growth Fund of America (Note 1)	-	-	-	-	-	
Harbor Capital Appreciation Fund	15,048,486	20,150,412	5,101,926	11,594,744	8,555,668	5/31/2013
Janus - Research Fund	15,719,160	21,217,342	5,498,182	10,802,586	10,414,755	5/31/2013
<b>Total Large Cap Growth</b>	<b>30,767,646</b>	<b>41,367,754</b>	<b>10,600,108</b>	<b>22,397,330</b>	<b>18,970,423</b>	
<b>Large Cap Value</b>						
Selected Funds	8,864,632	10,858,670	1,994,038	10,473,772	384,899	5/31/2013
Dodge & Cox - Stock Fund	16,293,630	22,888,360	6,594,730	15,650,479	7,237,881	5/31/2013
American Fund - Investment	9,039,046	12,428,457	3,389,411	10,984,909	1,443,548	5/31/2013
Company of America	14,500,000	19,273,519	4,773,519	14,932,945	4,340,574	5/31/2013
ROBECO	-	-	-	-	-	
Vanguard - Growth & Income Fund (Note 1)	-	-	-	-	-	
<b>Total Large Cap Value</b>	<b>48,697,309</b>	<b>65,449,007</b>	<b>16,751,698</b>	<b>52,042,105</b>	<b>13,406,901</b>	
<b>Total Large Cap Equities</b>	<b>79,464,954</b>	<b>106,816,760</b>	<b>27,351,806</b>	<b>74,439,435</b>	<b>32,377,325</b>	
<b>International Stock</b>						
American Funds - EuroPacific	14,901,330	19,091,413	4,190,083	15,969,498	3,121,915	5/31/2013
Harbor international	16,670,291	18,979,316	2,309,025	14,985,382	3,993,934	5/31/2013
Columbia Management - International Fund	6,023,328	9,849,760	3,826,432	8,118,937	1,730,823	5/31/2013
Janus Overseas	18,707,173	17,039,745	(1,667,429)	12,124,352	4,915,393	5/31/2013
Mondrian	17,299,962	18,627,278	1,327,316	14,290,410	4,336,868	5/31/2013
Oakmark	12,513,038	17,274,625	4,761,587	11,652,195	5,622,430	5/31/2013
<b>Total International Stock</b>	<b>86,115,123</b>	<b>100,862,136</b>	<b>14,747,014</b>	<b>77,140,773</b>	<b>23,721,363</b>	
<b>Real Estate</b>						
RREEF - Comingled Fund	6,651,482	6,906,814	255,332	6,362,464	544,350	5/31/2013
RREEF - America REIT II	12,387,004	14,044,085	1,657,081	12,813,966	1,230,119	3/31/2013
Cornerstone Fund	9,890,877	11,220,228	1,329,351	10,560,063	660,165	3/31/2013
<b>Total Real Estate (Note 2)</b>	<b>28,929,363</b>	<b>32,171,128</b>	<b>3,241,765</b>	<b>29,736,493</b>	<b>2,434,635</b>	
<b>Total managed investments</b>	<b>319,787,446</b>	<b>385,241,221</b>	<b>65,453,775</b>	<b>317,472,861</b>	<b>67,768,360</b>	
<b>Other Real Estate</b>						
625 Kings Court (Note 2)	901,112	738,992	(162,120)	738,992	-	
<b>Total Invested Funds</b>	<b>\$ 320,688,559</b>	<b>\$ 385,980,213</b>	<b>\$ 65,291,655</b>	<b>\$ 318,211,853</b>	<b>\$ 67,768,360</b>	
<b>Cash in County Treasury</b>						
	Balance Beg of Year	Balance End of Period	Change			
	\$ 2,634,522	\$ 2,811,829	\$ 177,307			
<b>Total all available funds</b>	<b>\$ 323,323,081</b>	<b>\$ 388,792,042</b>	<b>\$ 65,468,962</b>			

**Note 1** This fund was liquidated in full as part of the December 2012 rebalance

**Note 2** The real estate category on the Balance Sheet combines both managed and other real estate