



San Diego County Employees Retirement Association

SDCERA

MANAGEMENT

Brian P. White
Chief Executive Officer

Jeffrey E. Gardner
Director, Member Services

Robert Snigaroff
Chief Investment Officer

Joseph J. Puncec, CPA/CITP
Controller

Marsha Boyd
Assistant Director, Member Services

Rose Linzaga
Member Services Manager

Arlene Thichava
Member Services Manager

Arne Hansen
Senior Deputy County Counsel

BOARD OF RETIREMENT

E. F. "Skip" Murphy, Jr.
Chairman

Carlos R. Gonzalez
Secretary

Michael L. Branch

David E. DeVol

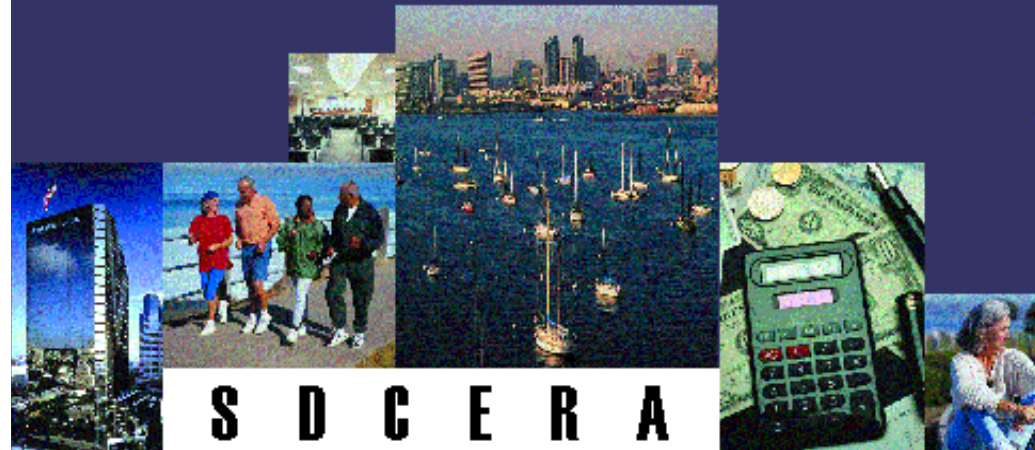
Ernest J. Dronenburg, Jr.

James W. Feeley

P. Garth Gartrell

Bart J. Hartman

Marilyn A. Wiczynski



SDCERA

Financial Annual Report Summary

2000

Fiscal Year Ended June 30

San Diego County Employees Retirement Association
A Component Unit of the County of San Diego, California

Major initiatives and significant events for the year



I am pleased to present this summary of the Annual Financial Report for the year ending June 30, 2000.

SDCERA's funding objective is to meet long-term benefit obligations through employer and employee contributions, and through investment income. For the fiscal year 2000, investments provided a return of 15.75%, net of fees. The Association's annualized average rate of return was 14.59% over the last three years and 16.02% over the last five years, net of fees. These earnings have significantly outperformed our yearly projected earnings rate of 8.25%.

Employer and employee contributions of \$46.6 million and investment income of \$564.4 million has been added to the retirement fund. This financial strength, coupled with SDCERA's credit report and strong coverage of benefit obligations has helped us achieve a rating of AA+ from Standard and Poor (S&P).

The complete Annual Financial Report, which provides a comprehensive overview of SDCERA's financial position and operating results, is available for review at the Retirement Association's office, or on our web site at www.sdcera.org.

Chief Executive Officer
Brian P. White



Mission Statement

The San Diego County Employees Retirement Association is committed, now and in the future, to prudently manage the fund, efficiently administer benefits, and provide superior service to members.

PENSION BENEFIT ASSETS June 30, 2000

(all amounts in millions)

| Investment | Market Value | Percent Actual | 2000 Return | * 1999 Return |
|----------------------|-------------------|----------------|---------------|---------------|
| Domestic equity | \$ 1,913.3 | 44.8% | 15.17% | 15.21% |
| International equity | 1,102.8 | 25.8% | 16.67% | 8.37% |
| Fixed income | 930.5 | 21.8% | 16.50% | 9.27% |
| Real estate | 177.2 | 4.1% | 9.30% | 5.08% |
| Other | 148.6 | 3.5% | N/A | N/A |
| TOTAL | \$ 4,272.4 | 100% | 15.75% | 12.28% |

This chart shows the market value at fiscal year end, the actual percent each investment holds in the entire portfolio, and the annual return for both fiscal year 1998-1999 and fiscal year 1999-2000. * Note: The number previously recorded on the report distributed in March, 2001 for 1999 returns was inaccurate. This has now been corrected and is shown above.

HISTORICAL MARKET RETURN ON AVAILABLE ASSETS

(all amounts in millions)

| Fiscal Year | Total Fund | Total Fund Market Value | Increased Market Value |
|-------------|------------|-------------------------|------------------------|
| 2000 | 15.75% | \$ 4,272.4 | \$ 462.0 |
| 1999 | 12.28% | 3,810.6 | 304.4 |
| 1998 | 16.22% | 3,506.1 | 409.7 |
| 1997 | 18.17% | 3,096.4 | 458.4 |
| 1996 | 19.18% | 2,638.0 | 393.8 |

* TOTAL FUND RETURN is the market return of entire investment portfolio, net of all investment fees.

* TOTAL FUND AT MARKET VALUE are the assets available to pay benefits.

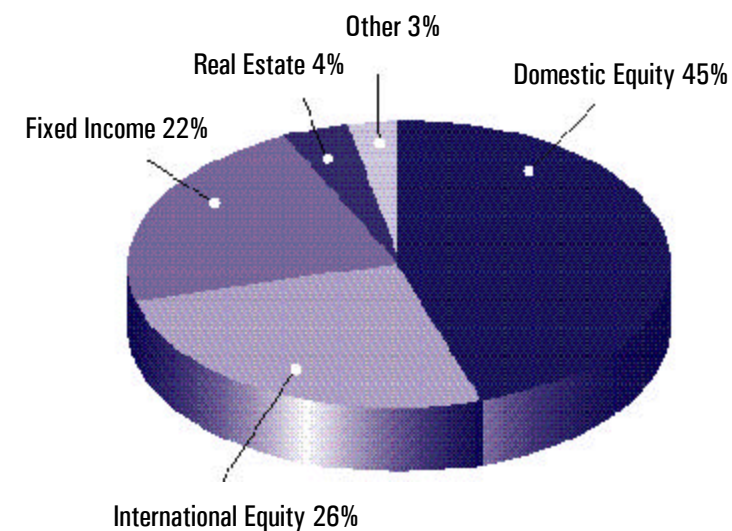
HISTORICAL FUND REVIEW

(all amounts in millions)

| Fiscal Year | County Contributions | Employee Contributions | Investment Earnings |
|-------------|----------------------|------------------------|---------------------|
| 2000 | \$ 38.2 | \$ 8.4 | \$ 564.4 |
| 1999 | 36.4 | 7.4 | 396.0 |
| 1998 | 51.8 | 6.8 | 466.9 |
| 1997 | 61.5 | 6.2 | 495.7 |
| 1996 | 74.8 | 5.3 | 415.2 |

This chart shows the three sources of revenue for the retirement fund over a five year period.

ASSET ALLOCATION June 30, 2000



This chart gives a visual overview of the percent each asset classification holds in the SDCERA portfolio.

HISTORICAL MEMBERSHIP

| Fiscal Year | Number of Active Members | Number of Retired Members | Average Annual Benefit Received |
|-------------|--------------------------|---------------------------|---------------------------------|
| 2000 | 16,669 | 8,703 | \$ 15,263 |
| 1999 | 16,579 | 8,287 | 14,250 |
| 1998 | 16,441 | 7,955 | 13,545 |
| 1997 | 16,635 | 7,692 | 13,000 |
| 1996 | 16,524 | 7,499 | 12,485 |

Membership includes the total number of active employees paying into the plan and the total number of retired members drawing monthly benefits. Deferred members are not shown.

FUND EXPENSES (all amounts in millions)

| Expense | 2000 | 1999 |
|-----------------------------|----------|----------|
| Benefit payments | \$ 133.5 | \$ 121.6 |
| Retiree health care program | 9.9 | 8.0 |
| Investment expenses | 22.9 | 17.1 |
| Administration expenses | 5.3 | 4.8 |

The majority of SDCERA's expenditures are for retiree benefit payments. Health care program benefits are designed to assist retirees with a portion of their medical costs.

Investment expenses are payments to asset managers, investment consultants, actuaries, and the master custodian.

Administration expenses include retirement office salaries and operating costs.