*Contra Costa County Employees' Retirement Association*

A Component Unit of the County of Contra Costa, California

# Comprehensive Annual Financial Report

*For The Years Ended December 31, 2009 and 2008*

*Contra Costa County is . . .*

On the cover:

*The East Brothers Light Station was first lit in 1874 to assist ships navigating the passage between San Francisco Bay and San Pablo Bay. In 1969, the Coast Guard automated and unmanned the station. However, preservationists were determined to protect this historic landmark on an island in Contra Costa County. The Victorian structure now serves as a bed-and-breakfast inn, with proceeds going to preserve the station.*

# Comprehensive Annual Financial Report

*For The Years Ended December 31, 2009 and 2008*

*Issued by:*


| | |
|---|---|
| Marilyn Leedom, CEBS | Retirement Chief Executive Officer |
| Rick Koehler, CPA, CGFM | Retirement Accounting Manager |

Contra Costa County Employees' Retirement Association
A Component Unit of the County of Contra Costa, California
1355 Willow Way, Suite 221
Concord, California 94520-5728

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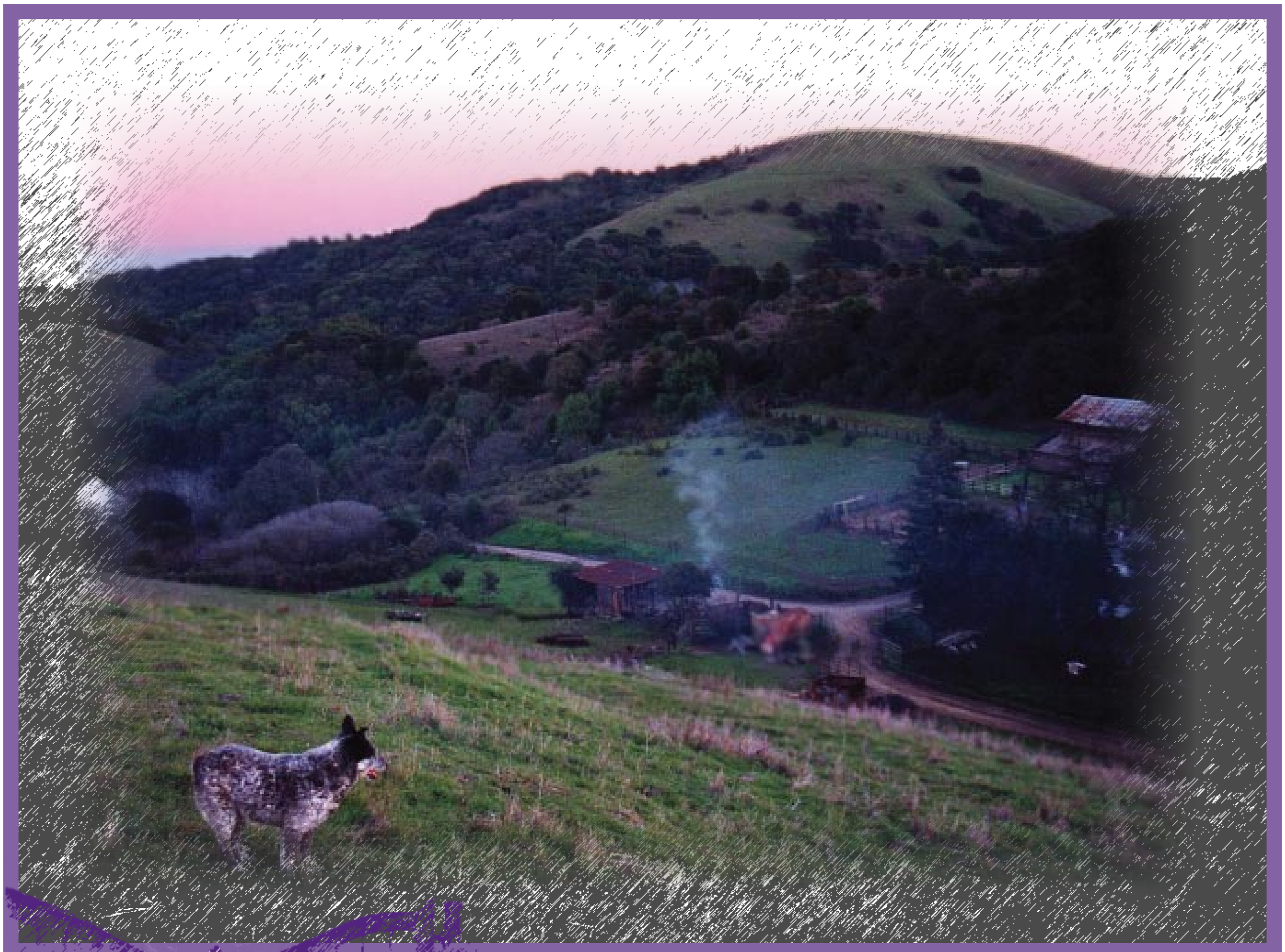
*Contra Costa County is . . .*



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# Introductory Section

contra costa county
Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax: 925.646.5747

# Letter of Transmittal

May 28, 2010

Board of Retirement
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Dear Board Members:

I am pleased to present the Contra Costa County Employees' Retirement Association's (CCCERA) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2009, our 63rd year of operation.

The Contra Costa County Employees' Retirement Association is a public employee retirement system that was established by the County of Contra Costa on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death and survivor benefits for County employees and 16 other participating agencies under the California State Government Code, Section 31450, et.seq. (County Employees Retirement Law of 1937).

**REPORT CONTENTS**

CCCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information within this CAFR, including all disclosures. The Comprehensive Annual Financial Report is divided into five sections:

The INTRODUCTORY SECTION describes CCCERA's management and organizational structure, a letter of transmittal, a listing of the members of The Board of Retirement, and a listing of professional consultants.

The FINANCIAL SECTION presents the financial condition and funding status of CCCERA. This section contains the opinion of the independent certified public accountants, Brown Armstrong CPAs, Management's Discussion and Analysis of CCCERA's financial activities, the financial statements, and the related supplementary financial information.

The INVESTMENT SECTION provides an overview of CCCERA's investment program. This section contains reports on investment activity, investment policies, investment results, and various investment schedules and charts/graphs.

The ACTUARIAL SECTION communicates CCCERA's funding status and presents other actuarial related information. This section contains the certification of the consulting actuary, The Segal Company, actuarial statistics, and general plan provisions.

The STATISTICAL SECTION presents information on CCCERA's operations on a multi-year basis.

**CCCERA AND ITS SERVICES**

CCCERA was established on July 1, 1945, to provide retirement allowances and other benefits to the safety and general members employed by Contra Costa County. Currently, Contra Costa County and 16 other participating agencies are members of CCCERA. The participating agencies include:

Bethel Island Municipal Improvement District E
Byron, Brentwood, Knightsen Union Cemetery District
Central Contra Costa Sanitary District E
Contra Costa County Employees' Retirement Association E
Contra Costa Housing Authority E
Contra Costa Mosquito and Vector Control District E
First 5 - Children & Families Commission E
In-Home Supportive Services Authority (IHSS) E
Local Agency Formation Commission (LAFCO) E
Rodeo Sanitary District
Superior Courts of Contra Costa County E
Contra Costa Fire Protection District E
East Contra Costa Fire Protection District E
Moraga-Orinda Fire Protection District E
Rodeo-Hercules Fire Protection District
San Ramon Valley Fire Protection District E

E - Adopted Enhanced Benefits

In addition, CCCERA administers retirement, disability or survivor benefits to retirees or beneficiaries of the following former participating agencies:

Alamo-Lafayette Cemetery District
City of Pittsburg
Delta Diablo Sanitation District
Diablo Water District
Ironhouse Sanitary District
Kensington Fire Protection District
Office of Education
Stege Sanitary District

CCCERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the regulations, procedures and policies adopted by CCCERA's Board of Retirement. The Contra Costa County Board of Supervisors may also adopt resolutions, as permitted by the County Employees Retirement Law of 1937, which may affect benefits of CCCERA members.

The 12 member Board of Retirement is responsible for the general management of CCCERA. Of the twelve members, three are alternates, one for the appointed members, one for safety, and one for retirees. Five Board members are appointed by the Contra Costa County Board of Supervisors, one as an alternate. Four Board members, including the safety alternate, are elected by CCCERA's active membership. Two Board members are elected by the retirees, one as an alternate. The County Treasurer serves as an ex-officio member. Board members, with the exception of the County Treasurer, serve three year terms in office, with no term limits.

**FINANCIAL INFORMATION**

The accompanying financial statements are prepared using the accrual basis of accounting. Contributions from employers and members are recognized as revenue when earned. Expenses are recorded when corresponding liabilities are incurred, regardless of when payment is due or made.

An overview of CCCERA's fiscal operations for the year-ended December 31, 2009, is presented in the Management's Discussion and Analysis (MD&A), located in the financial section of the CAFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of CCCERA.

Brown Armstrong CPAs, CCCERA's independent auditor, has audited the accompanying financial statements. Management believes an adequate system of internal control is in place and the accompanying statements, schedules, and tables are fairly presented and free from material misstatement.

**ACTUARIAL FUNDING STATUS**

CCCERA's funding objective is to meet long-term benefit promises by maintaining a well-funded plan status and obtaining optimum investment returns. Pursuant to provisions in the County Employees Retirement Law of 1937, CCCERA engages an independent actuarial firm to perform an actuarial valuation of the system annually. Every 3 years, a triennial experience study of the members of CCCERA is completed. Both the economic and non-economic assumptions are reviewed and updated, if needed, at the time each triennial experience study is performed. The most recent triennial experience study, which was completed by The Segal Company, was performed as of December 31, 2006. The Segal Company's actuarial valuation as of December

31, 2008, determined the funding status (the ratio of system assets to system liabilities) to be 88.5%, using approved assumptions. A more detailed discussion of funding is provided in the Actuarial Section of this report.

**INVESTMENTS**

The Board has exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies and policies. The California Constitution and Government Code Sections 31594 and 31595 authorize the Board to invest in any investment deemed prudent in the Board's opinion.

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment objectives and defines the principal duties of the Board, custodian bank and investment managers. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with return expectations that reflect expected liabilities. A summary of the asset allocation can be found in the Investment Section of this report.

On a market value basis, the total net assets held in trust increased from $3.75 billion at December 31, 2008, to $4.48 billion at December 31, 2009. For the year ended December 31, 2009, CCCERA's investment portfolio returned 21.9%, before investment management fees, reflecting market conditions throughout the year. The Association's annualized rate of return was -1.3% over the last three years, 4.2% over the last five years, and 4.5% over the last 10 years, gross of fees.

**AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CCCERA for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which meet or exceed program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for evaluation.

CCCERA was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award for 2009. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as a benchmark by which all defined benefit public plans should be measured. CCCERA has met these standards.

**SERVICE EFFORTS AND ACCOMPLISHMENTS**

Organization Structure - CCCERA's Legal Division is handling a variety of tasks, including day-to-day issues, outside counsel liaison, policy revision, and pending legislation analysis. Public Records Requests increased substantially as members of the public took advantage of improved transparency in government functions. Our in-house counsel also responds to these requests for complex documents.

A new Deputy Chief Executive Officer (DCEO) joined CCCERA in July. The Administration and the Information Technology Divisions now report to the DCEO. After a functionality analysis, the existing Administration Manager position was transitioned to a new Administrative Services/ Human Resources Coordinator position.

Accounting Division - The 2008 annual audit by Brown Armstrong CPAs was completed with no reportable conditions and no agreed upon findings. In addition to participating in User Acceptance Testing for the agency-wide implementation of the CPAS Pension Administration System, the Accounting Division implemented Multiview, a new accounting system that includes General Ledger, Accounts Payable, and Report Writing. This software will interface with the CPAS system and our Master Custodian.

Benefits Division - The Pension System installation concluded with data cleansing, file import, and data verification becoming part of ongoing maintenance. Throughout the intensive project, staff delivered the same service quality members received prior to commencement of the project, which included 30 day turnaround for service purchases, conversions, and benefit estimates. For several months, counselors and member services technicians will expend dual energy for each process, performing calculations in both the new and the old system to compare results and verify the accuracy of the new system.

Disaster Recovery - Disaster recovery is a key issue for all legacy businesses. As paper based filing systems are replaced with electronic document management, the need for permanent, reliable accessibility and business continuity becomes paramount. CCCERA is establishing both *hot* and *cold* sites for disaster recovery. Off-site storage for office supplies and equipment has already been secured, and a contract has been awarded for a *cold* site facility. A cooperative arrangement for a *hot* site hosted at one of our sister counties is under development. Once installed, this *hot* site will mirror our data and functionality in real-time; in the case of a major regional disaster, our *hot* site can execute our most important tasks with current data and redundant hardware and software. Testing, documentation, and site implementation are scheduled for completion by the end of 2010.

**ACKNOWLEDGEMENT**

The compilation of this report reflects the combined and dedicated effort of many people on CCCERA's staff. It is intended to provide complete and reliable information as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of CCCERA.

I would like to take this opportunity to express my thanks to the Board of Retirement, the consultants, and staff for their commitment to the Association and for their diligent work to assure the continued successful operation of CCCERA.

Respectfully submitted,

Marilyn Leedom

Marilyn Leedom, CEBS
Retirement Chief Executive Officer

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

# Members of The Retirement Board

## As of December 31, 2009

| **Trustees** | **Term Expires** | **Appointed/ Elected by** |
|---|---|---|
| William J. Pollacek, County Treasurer Chairperson | | Permanent by Office |
| Jerry Telles, Vice-Chairperson | June 30, 2010 | Retirees |
| Dave Gaynor, Secretary | June 30, 2011 | Board of Supervisors |
| Terry Buck | June 30, 2011 | Safety Members |
| Richard Cabral | June 30, 2011 | General Members |
| Brian Hast | June 30, 2010 | General Members |
| John Gioia | June 30, 2011 | Board of Supervisors |
| Paul Katz | June 30, 2011 | Board of Supervisors |
| Maria Theresa Viramontes | June 30, 2010 | Board of Supervisors |
| Jerry R. Holcombe (alternate) | June 30, 2011 | Board of Supervisors |
| Sharon Naramore (alternate) | June 30, 2010 | Retirees |
| Jim Remick (alternate) | June 30, 2011 | Safety Members |

# List of Professional Consultants

## As of December 31, 2009

### Actuary

The Segal Company

### Actuarial Audit

Milliman USA

### Benefit Statement Consultant

The Segal Company

### Data Processing

Contra Costa County Department of Information Technology

### Auditor

Brown Armstrong CPAs

### Legal Counsel

County Counsel of Contra Costa County
Reed Smith LLP
Ice Miller LLP

### Investment Consultant

Milliman USA

### Master Custodian

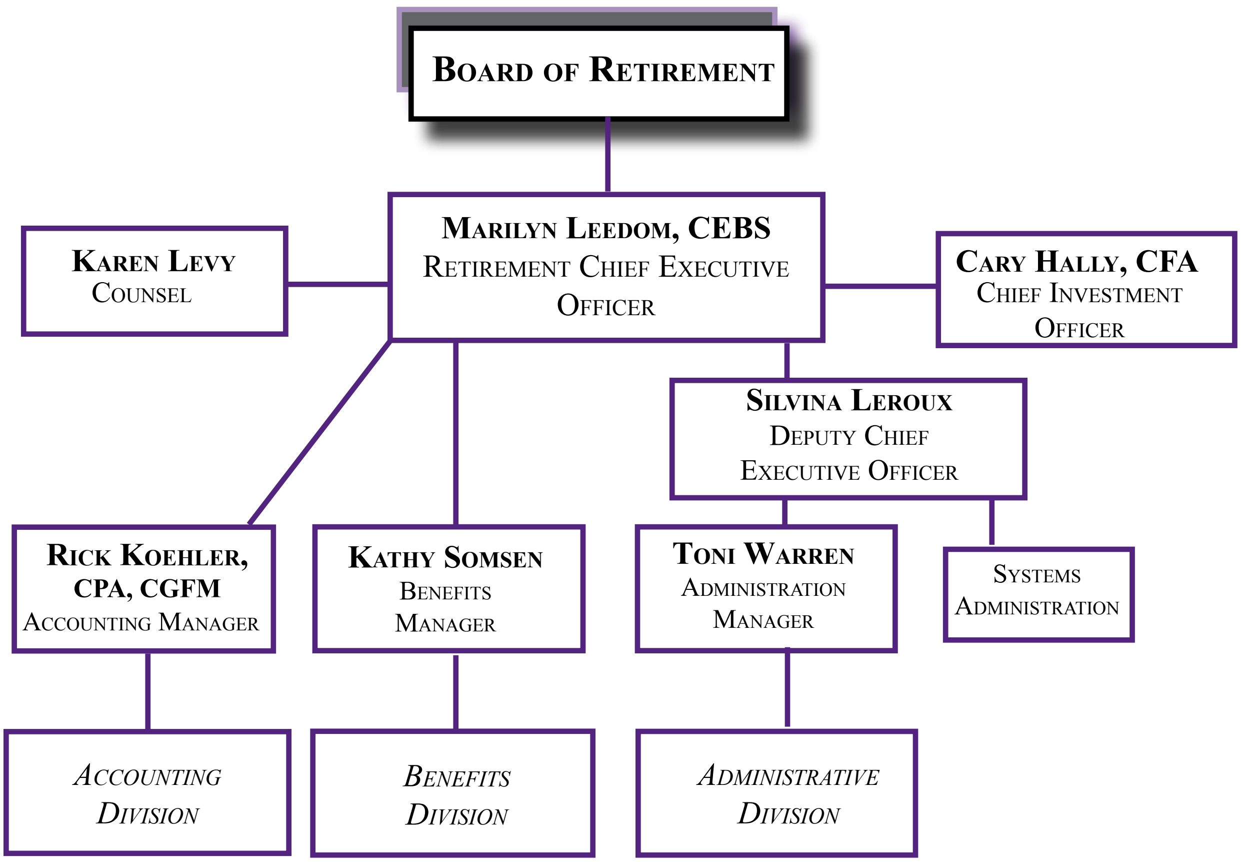
State Street Bank & Trust

### Proxy Guideline Voting Agent Service

Risk Metrics Group

Note: List of Investment Professionals is located on page 60 of the Investment Section of this report.

# Administrative Organization Chart



# GFOA Certificate of Achievement Award

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

Contra Costa County
Employees' Retirement Association
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

PPCC

Public Pension Coordinating Council

## *Public Pension Standards Award for Funding and Administration 2009*

Presented to

## *Contra Costa County Employees' Retirement Association*

In recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

*Contra Costa County is . . .*

*. . . Individuality*

# Financial Section

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA

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CERTIFIED PUBLIC ACCOUNTANTS

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560 Central Avenue
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Fresno, California 93720
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement of the
Contra Costa County Employees' Retirement Association

We have audited the accompanying statement of plan net assets of the Contra Costa County Employees' Retirement Association (CCCERA), a component unit of the County of Contra Costa, California, as of December 31, 2009 and 2008, and the related statement of changes in plan net assets for the years then ended. These basic financial statements are the responsibility of management of CCCERA. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, in 2009 CCCERA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.*

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of the Contra Costa County Employees' Retirement Association as of December 31, 2009 and 2008, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) and the Required Supplementary Information (RSI) as listed in the Table of Contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the MD&A. However, we did not audit the MD&A and express no opinion on it. The RSI has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedules and the Investment, Actuarial, and Statistical sections as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements of CCCERA. The Supplemental Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the information contained in the investment, actuarial, and statistical sections and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2010, on our consideration of CCCERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
May 21, 2010

# Management's Discussion and Analysis

We are pleased to provide this overview and analysis of the financial activities of Contra Costa County Employees' Retirement Association (CCCERA) for the year ended December 31, 2009. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our Letter of Transmittal, as well as the Financial Statements.

## Financial Highlights

‡ The net assets of CCCERA at the close of 2009 total $4.5 billion (net assets held in trust for pension benefits), an increase of $.8 billion, or 19.4% from 2008, primarily as a result of the net appreciation in the Fair Value of Investments. December 31, 2008 net assets of $3.7 billion represented a decrease of $1.5 billion over the $5.2 billion balance as of December 31, 2007.

‡ Total Additions as reflected in the Statement of Changes in Plan Net Assets, for the year ended December 31, 2009 were $1.0 billion, which includes employer and employee contributions of $262.1 million, an investment gain of $748.9 million and net securities lending income of $2.4 million. 2008 investment income and gains were down by a large amount from 2007 because investment losses were significant. These losses contributed to a reduction in the total additions (declines) by -$1.8 billion in 2008 over 2007.

‡ Employer contributions decreased from $206.5 million in 2008 to $195.6 million in 2009 primarily as the result of a decrease in contribution rates attributed to investment gains prior to 2008 that were reflected in the December 31, 2007 actuarial valuation. Also included in the 2009 employer contribution total is $2.4 million paid by County departments as a result of employees converting prior Tier 2 service to Tier 3 service. Employer contributions in 2007 totaled $196.9 million.

‡ Employee contributions decreased for 2009 when compared to 2008, attributed to investment gains prior to 2008 that were reflected in the December 31, 2007 actuarial valuation. For 2009, 2008, and 2007, employee contributions were $66.5 million, $76.5 million, and $75.6 million respectively.

‡ Total Deductions as reflected in the Statement of Changes in Plan Net Assets increased from $267.9 million to $286.4 million over the prior year, or approximately 6.9%. Benefits paid to retirees and beneficiaries increased from $250.4 million in 2008 to $266.9 million in 2009, or approximately 6.6%. This increase can be attributed to an increase in the number of new retirees and an annual cost of living increase. The COLA increase was only for those with an accumulated carry-over of unused COLAs from prior years. The increase in the Pension Benefit from 2008 over 2007 was approximately 6.3%, primarily attributed to new retirees and the annual cost of living increase.

‡ CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2008, the date of CCCERA's last actuarial valuation, the funded ratio for CCCERA was 88.5%. In general, this indicates that for every dollar of benefits due we have approximately $0.89 to cover it. Market conditions changed dramatically in 2008 which led to a substantial decline in the value of investments for CCCERA as of December 31, 2008. However, CCCERA had an investment return of 21.9% in 2009, mitigating some of the previous year downturn. CCCERA continues to maintain its long-term funding objectives.

**Overview of the Financial Statements**

This Management's Discussion and Analysis is intended to serve as an introduction to CCCERA's financial statements, which are comprised of these components:

1. Statement of Plan Net Assets
2. Statement of Changes in Plan Net Assets
3. Notes to the Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

***The Statement of Plan Net Assets*** is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and their beneficiaries and any current liabilities that are owed as of year-end. The net assets, which are the assets less the liabilities, reflect the funds available for future use.

***The Statement of Changes in Plan Net Assets,*** on the other hand, provides a view of current year additions to and deductions from the plan. The trend of additions versus deductions to the plan will indicate whether CCCERA's financial position is improving or deteriorating over time.

Both financial statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB), using the accrual basis of accounting. CCCERA complies with all material requirements of these principles and guidelines.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date, not settlement date. In addition, both realized and unrealized gains and losses are shown on investments, and all Property and Equipment (capital assets) are depreciated over their useful lives.

Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial strength.

***The Notes to the Financial Statements*** are an integral part of the financial report and provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide detailed discussion of key policies, programs and activities that occurred during the year.

***Required Supplementary Information.*** In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning CCCERA's progress in funding its obligations to provide pension benefits to members. The Schedule of Funding Progress, a required supplementary schedule, includes historical trend information for the past six years about the actuarially funded status of the plan, and the progress made in accumulating sufficient assets to pay benefits when due. The other required supplementary schedule, the Schedule of Employer Contributions, presents historical trend information about annual required contributions of the employer and the actual contributions made. These schedules provide information to help promote understanding of the changes in the funded status of the plan over time.

***Other Supplementary Information.*** The schedules of administrative expenses and investment expenses are presented following the required supplementary information.

**Financial Analysis**

***Assets and Funding Ratio***

As of December 31, 2009, CCCERA has $4.5 billion in net assets, which means that total assets of $5.2 billion exceed total liabilities of $750 million. At December 31, 2008 and 2007, CCCERA's net assets totaled $3.7 billion and $5.2 billion, respectively. The net assets represent funds available for future payments. Of importance and unlike private pension funds, public pension funds are not required to disclose the future liability of obligations owed to retirees. Only current liabilities are reported on the Statement of Plan Net Assets.

As of December 31, 2009, net assets increased by 19.4% over 2008, and decreased by 13.9% over 2007, primarily due to the changes in the fair market value of investments. Current assets and current liabilities also change by offsetting amounts due to the recording of the security lending cash collateral.

***Capital Assets***

CCCERA's investment in capital assets decreased from $1,578,447 to $1,376,410 (net of accumulated depreciation and amortization). The investment in capital assets includes servers, equipment, furniture, and leasehold improvements. The total decrease in CCCERA's investment in capital assets for the current year is -12.8% over 2008. The decrease of -9.6% for 2008 over 2007 is primarily because CCCERA updated its technology infrastructure and purchased computer servers and equipment for its imaging project. CCCERA started the design phase of a Pension Benefit System in early 2006. Costs associated with this project are capitalized and amortized over a 10 year period. This project was substantially completed in 2009. Starting in 2008, CCCERA followed Government Code Section 31580.3, which allows expensing of software, hardware, and computer technology consulting services in support of the software or hardware used in the administration of the retirement system. During 2009 and 2008, CCCERA expensed $1,015,672 and $238,000 of software, hardware and computer technology consulting services, respectively.

**PLAN NET ASSETS**

| | 2009 | 2008 | 2007 | % Change 2008-2009 | % Change 2008-2007 |
|---|---|---|---|---|---|
| Current Assets | $ 902,124,091 | $ 861,357,649 | $1,109,360,483 | 4.7% | -22.4% |
| Investments | 4,323,163,748 | 3,745,283,103 | 5,259,341,453 | 15.4% | -28.8% |
| Capital Assets | 1,376,410 | 1,578,447 | 1,745,371 | -12.8% | -9.6% |
| Total Assets | 5,226,664,249 | 4,608,219,199 | 6,370,447,307 | 13.4% | -27.7% |
| Total Liabilities | 749,934,719 | 858,520,387 | 1,171,330,725 | -12.6% | -26.7% |
| **Total Plan Net Assets** | **$4,476,729,530** | **$ 3,749,698,812** | **$5,199,116,582** | **19.4%** | **-27.9%** |

CCCERA has annual valuations performed by its independent actuary, The Segal Company. The purpose of the valuation is to determine what future contributions by the members and employers are needed to pay all the expected future benefits. Despite variations in the stock market, CCCERA's management and actuary concur that CCCERA remains in a financial position to meet its obligations to the plan participants and beneficiaries. The current financial position is the result of recent market changes and volatility while long-term results are from a strong and successful investment program.

**CCCERA's Activities**

**CHANGES IN CCCERA NET ASSETS**

| **Additions** | 2009 | 2008 | 2007 | % Change 2009-2008 | % Change 2008-2007 |
|---|---|---|---|---|---|
| Employer Contributions | $ 195,613,673 | $ 206,518,693 | $196,929,570 | -5.3% | 4.9% |
| Employee Contributions | 66,536,161 | 76,452,406 | 75,590,807 | -13.0% | 1.1% |
| Net Investment Income/(Loss) | 748,860,670 | -1,467,872,206 | 306,459,115 | 151.0% | -579.0% |
| Net Security Lending Income | 2,436,242 | 3,391,760 | 1,208,556 | -28.2% | 180.6% |
| **Total** | **$1,013,446,746** | **-$1,181,509,347** | **$580,188,048** | **185.8%** | **-303.6%** |

| **Deductions** | 2009 | 2008 | 2007 | % Change 2009-2008 | % Change 2008-2007 |
|---|---|---|---|---|---|
| Pension Benefits | $ 266,866,460 | $ 250,444,562 | $ 235,656,024 | 6.6% | 6.3% |
| Refunds | 4,628,272 | 3,730,320 | 3,113,234 | 24.1% | 19.8% |
| Administrative | 7,358,750 | 5,601,126 | 5,941,814 | 31.4% | -5.7% |
| Other Expenses | 7,562,546 | 8,132,415 | 7,370,025 | -7.0% | 10.3% |
| **Total** | **$ 286,416,028** | **$ 267,908,423** | **$ 252,081,097** | **6.9%** | **6.3%** |
| **Increase (Decrease) in Net Assets Held in Trust for Pension Benefits** | **$ 727,030,718** | **-$1,449,417,770** | **$ 328,106,951** | **150.2%** | **-541.8%** |

***Additions to Plan Net Assets***

The primary sources to finance the benefits that CCCERA provides to its members are accumulated through the collection of member (employee) and employer contributions and through the earnings on investments (net of investment expenses). The Net Investment income/-loss for the years ended December 31, 2009, 2008, and 2007 totaled $748.9 million, -$1.47 billion, and $306.5 million, respectively.

By year end, overall additions had increased by $2.2 billion over 2008, or 185.8%, due primarily to investment gains, while 2008 decreased by $1.76 billion over 2007, or -303.6% due primarily to investment losses. The investment section of this report reviews the result of investment activity for the year ended December 31, 2009.

***Deductions from Plan Net Assets***

The primary uses of CCCERA's assets include the payment of benefits to retirees and their beneficiaries, refund of contributions to terminated employees, and the cost of administering the system. Deductions in the year ended December 31, 2009 totaled $286.4 million, an increase of 6.9% over December 31, 2008. 2008 had an increase of $15.8 million or a 6.3% change from December 31, 2007. The increases are attributed to the additional benefit payments for retirees as well as the growth in the number and average amount of benefits paid to retirees year over year as well as expensing computer related equipment and software.

The Board of Retirement approves the annual budget for CCCERA. The California Government Code Section 31580.2 limits the annual administrative expense to eighteen one hundredths of one percent (0.18%) of the total assets of the retirement system. Beginning in 2008, CCCERA follows Government Code section 31580.3 which allows computer software, hardware and technology to be expensed each year within the administrative expense limit of 18 basis points, plus one million dollars ($1,000,000). CCCERA has consistently met its administrative expense budget for the current year and prior years.

**CCCERA's Fiduciary Responsibilities**

CCCERA's Board and management staff are fiduciaries of the pension trust fund. Under the California Constitution, the assets can only be used for the exclusive benefit of plan participants and their beneficiaries.

**Requests for Information**

This financial report is designed to provide the Board of Retirement, members, taxpayers, investment managers and creditors with a general overview of CCCERA's financial condition and to demonstrate CCCERA's accountability for the funds under its stewardship.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

CCCERA
Attn: Accounting Division
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Respectfully submitted,

Rick Koehler, CPA, CGFM
Retirement Accounting Manager
May 28, 2010

# Statement of Plan Net Assets

## As of December 31, 2009 and 2008

| | 2009 | 2008 |
|---|---|---|
| **Assets:** | | |
| Cash equivalents | $ 202,280,588 | $ 166,275,122 |
| Cash collateral - securities lending | 461,576,590 | 280,747,586 |
| Total cash & cash equivalents | 663,857,178 | 447,022,708 |
| Receivables: | | |
| Contributions | 7,079,763 | 7,619,110 |
| Investment trades | 192,270,043 | 361,930,772 |
| Investment income | 14,094,596 | 19,313,653 |
| Installment contracts - Paulson (see Note 12) | 23,969,978 | 24,835,080 |
| Other | 162,462 | 105,531 |
| Total receivables | 237,576,842 | 413,804,146 |
| Investments at fair value: | | |
| Stocks | 2,169,486,036 | 1,584,443,392 |
| Bonds | 1,412,260,613 | 1,569,704,942 |
| Real estate | 492,043,654 | 372,959,638 |
| Alternative investments | 249,373,445 | 218,175,131 |
| Total investments | 4,323,163,748 | 3,745,283,103 |
| Other assets: | | |
| Prepaid expenses/deposits | 690,071 | 530,795 |
| Capital assets, net of accumulated depreciation/amortization of $1,310,798 and $853,755, respectively | 1,376,410 | 1,578,447 |
| Total assets | 5,226,664,249 | 4,608,219,199 |
| **Liabilities:** | | |
| Investment trades | 192,198,940 | 481,267,131 |
| Security lending | 461,576,590 | 280,747,586 |
| Employer contributions unearned | 81,695,415 | 87,327,991 |
| Retirement allowance payable | 4,963,495 | 3,991,674 |
| Accounts payable | 5,171,710 | 3,571,167 |
| Contributions refundable | 459,491 | 119,214 |
| Other liabilities | 3,869,078 | 1,495,624 |
| Total liabilities | 749,934,719 | 858,520,387 |
| **Net Assets Held In Trust for Pension Benefits** | **$4,476,729,530** | **$3,749,698,812** |

See accompanying notes to financial statements.

# Statement of Changes in Plan Net Assets

## For the Years Ended December 31, 2009 and 2008

| **Additions:** | **2009** | **2008** |
|---|---|---|
| Contributions: | | |
| Employer | $ 195,613,673 | $ 206,518,693 |
| Employee | 66,536,161 | 76,452,406 |
| Total contributions | 262,149,834 | 282,971,099 |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | 626,058,469 | (1,393,191,146) |
| Net depreciation in fair value of real estate | (10,108,932) | (238,834,596) |
| Interest | 95,157,371 | 123,068,231 |
| Dividends | 35,749,282 | 41,677,052 |
| Real estate income, net | 19,831,743 | 18,662,399 |
| Investment expense | (26,717,105) | (26,941,899) |
| Other income and expense | 8,889,842 | 7,687,753 |
| Net investment income/(loss), before securities lending | 748,860,670 | (1,467,872,206) |
| Securities lending income: | | |
| Earnings | 3,428,794 | 13,610,350 |
| Rebates | (273,126) | (8,741,433) |
| Fees | (719,426) | (1,477,157) |
| Net securities lending income | 2,436,242 | 3,391,760 |
| Net investment income/(loss) | 751,296,912 | (1,464,480,446) |
| Total additions/(declines) | 1,013,446,746 | (1,181,509,347) |
| **Deductions:** | | |
| Benefits paid | 266,866,460 | 250,444,562 |
| Contribution prepayment discount | 6,981,271 | 7,624,193 |
| Administrative | 7,358,750 | 5,601,126 |
| Refunds of contributions | 4,628,272 | 3,730,320 |
| Other | 581,275 | 508,222 |
| Total deductions | 286,416,028 | 267,908,423 |
| **Net Increase (Decrease)** | 727,030,718 | (1,449,417,770) |
| **Net Assets Held in Trust for Pension Benefits:** | | |
| Balance beginning of year | 3,749,698,812 | 5,199,116,582 |
| Balance end of year | **$4,476,729,530** | **$3,749,698,812** |

See accompanying notes to financial statements.

# Notes To The Financial Statements

For The Year-ended December 31, 2009

## Note 1. Plan Description

The Contra Costa County Employees' Retirement Association (CCCERA) is governed by the Board of Retirement (Board) under the County Employees' Retirement Law of 1937 (1937 Act), as amended. Members should refer to the 1937 Act for more complete information.

*General*

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provisions of the 1937 Act on July 1, 1945. It provides benefits upon retirement, death or disability of members. CCCERA operates as a cost-sharing, multiple employer defined benefit pension plan that covers substantially all of the employees of the County of Contra Costa (the County) and 16 other member agencies. CCCERA's membership as of December 31, 2009 and 2008 is presented below.

| | 2009 | 2008 |
|---|---|---|
| Retirees and Beneficiaries Receiving Benefits | 7,272 | 7,012 |
| Inactive Vested Members entitled to but not yet receiving benefits | 2,227 | 2,153 |
| Current Employees: | | |
| Vested: | | |
| General Employees | 5,222 | 5,257 |
| Safety Employees | 1,182 | 1,221 |
| Non-Vested: | | |
| General Employees | 2,190 | 2,524 |
| Safety Employees | 348 | 383 |
| **Total Membership** | **18,441** | **18,550** |

CCCERA, with its own governing board, is an independent governmental entity, separate and distinct from the County of Contra Costa. CCCERA is a component unit of the County and is presented in the County's basic financial statements as a pension trust fund. Costs of administering the Plan are financed through contributions and investment earnings.

The Plan is currently divided into eight benefit sections in accordance with the 1937 Act. These sections are known as General Tier I, enhanced and non-enhanced; Tier II; Tier III enhanced and non-enhanced; Safety Tier A and Safety Tier C enhanced and Safety non-enhanced. On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3% at 50 for safety members and 2% at 55 for general members, effective on July 1, 2002 and January 1, 2003, respectively. Effective January 1, 2005, the enhanced benefits were applied to the bargaining units represented by the California Nurses Association and the nonrepresented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, as well as the supervisors and managers of those employees. Effective July 1, 2005, East Contra Costa Fire

Protection District adopted the enhanced benefit structure for its employees. In addition, each Special District that is a participant of CCCERA, and whose staff are not County employees covered by Resolution No. 2002/608, may elect to participate in the enhanced benefits. As of December 31, 2009, nine (9) general member agencies and four (4) safety member agencies have adopted enhanced benefits for their employees. A fifth safety member agency adopted enhanced benefits for its general members in 2003, but not for safety members.

Legislation was signed by the Governor in 2002 which allowed Contra Costa County, effective October 1, 2002, to provide Tier III to all new employees, to move those previously in Tier II to Tier III as of that date, and to apply all future service as Tier III. Tier III was originally created on October 1, 1998, and made available to all members with five or more years of Tier II service who elected to transfer to Tier III coverage.

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal members who elected Tier I membership. As of December 31, 2009, there are no active Tier II member accounts. All members who moved to Tier III with five or more years of service prior to October 1, 2002, or were moved to Tier III effective October 1, 2002, January 1, 2005, or February 1, 2006, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III.

Safety includes members in active law enforcement, active fire suppression work or certain other "Safety" classifications as designated by the Retirement Board.

Effective January 1, 2007, Contra Costa County and the Deputy Sheriff's Association agreed to adopt a new Safety Tier C for sworn employees hired by the County after December 31, 2006. A Deputy Sheriff hired on or after January 1, 2007, will have a 3% at 50 benefit formula with a 2% maximum Cost-of-Living-Adjustment (COLA) and a 36 month final average salary period.

Benefits are administered by the Board under the provisions of the 1937 Act. Annual COLAs to retirement benefits may be granted by the Board as provided by State statutes. Service retirements are based on age, length of service, and final average salary. Employees may withdraw contributions plus interest credited or leave them on deposit for a deferred retirement when they terminate or transfer to a reciprocal retirement system.

Pertinent provisions for each section follow:

*General - Tier I*

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a one-year final average salary in accordance with Government Code Section 31462.

*General - Tier II*

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with ten years of service credit required. Those members who elected in 1980 to transfer from General -Tier I to General - Tier II are eligible for non-service connected disability retirement with five years of service. The definition of a disability is stricter under General - Tier II than in the General - Tier I plan. The retirement benefit is based on a three-year final average salary in accordance with Government Code Section 31462.

*General Tier III*

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with ten years of service credit required. The definition of disability is the same as Tier II. The retirement benefit is based on a one-year final average salary in accordance with Government Code Section 31462.

*Safety Tier A*

Members may elect service retirement at age 50 with 10 years of service, or with 20 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a one-year final average salary in accordance with Government Code Section 31462.

*Safety Tier C*

Members may elect service retirement at age 50 with 10 years of service, or with 20 years of service regardless of age. Disability requirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a three-year final average salary in accordance with Government Code Section 31462.

*Cost of Living Adjustments (COLA)*

The 1937 Act authorizes the Retirement Board to grant annual automatic and ad hoc cost-of-living increases to all eligible retired members. Article 16.5 requires the Board to grant an annual automatic COLA effective April 1st. This benefit is based on the San Francisco-Oakland-San Jose area Consumer Price Index and is limited to the maximum of two percent for Safety Tier C members, three percent for Tier I, Tier III, and Safety Tier A members, and four percent for Tier II members. Government Code Section 31874.3 allows the granting of a supplemental cost-of-living benefit, on a prefunded basis to eligible retirees whose unused Consumer Price Index increase accumulations equal or exceed 20 percent. This supplemental increase is a permanent part of the retirees' monthly benefit and is known as "New Dollar Power."

*Terminations*

Effective January 1, 2003, a member with less than five years of service may elect to leave accumulated contributions on deposit in the retirement fund indefinitely as a result of the passing of AB2766, which amends Section 31629.5 of the Retirement Law of 1937. A member who continues membership under this ruling is granted a deferred non-vested status and is subject to the same age, service, and disability requirements that apply to other members for service or disability retirement.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting*
CCCERA's financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period in which they are incurred. Employee and employer contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. All investment purchases and sales are recorded on the trade date. The net appreciation (depreciation) in fair value of investments held by CCCERA is recorded as an increase (decrease) to investment income based on the valuation of investments at June 30th and December 31st.

*Cash Equivalents*
Cash equivalents include deposits in the County Treasurer's commingled cash pool and certain investments held by the County Treasurer, custodian bank and other investment managers. Cash equivalents are highly liquid investments with maturity of three months or less when purchased. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value.

*Methods Used to Value Investments*
Investments are reported at fair value. Fair value is the amount that CCCERA can reasonably expect to receive in a current sale between a willing buyer and a willing seller - that is, other than in a forced or liquidation sale. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by real estate investment funds, generally using periodic independent appraisals, and alternative investment managers. Investments listed as alternative investments are comprised of a U.S. timberland fund and private equity partnerships which invest in a diversified portfolio of venture capital, buyout and other special situations partnerships, and the U.S. power industry.

Certain alternative investments are reported in CCCERA's financial records on a quarter lag due to reporting constraints at the investment level. Four quarters of activity are recorded in each calendar year. At year end, investment activity is shown through September 30th of that particular year. In addition, Colliers International, a real estate investment, has a cost value of $13,612,566. This investment is appraised every three years, with the most recent being December 31, 2007. The appraised value was $15,560,000. The value of this particular holding is not material to the total real estate holdings or total investments.

*Receivables*
Receivables consist primarily of interest, dividends, installment contracts, investments in transition, i.e., traded but not yet settled, and contributions owed by the employing entities as of December 31, 2009 and 2008.

*Capital Assets*

Capital assets, consisting of software, leasehold improvements, furniture, and office equipment, are presented at historical cost, less accumulated depreciation amortization. Capital assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year are capitalized and depreciated. Starting in 2008, CCCERA implemented the expensing of certain costs for software, hardware and computer technology consulting services as allowed in Government Code Section 31580.3. For 2009, this amount totaled $1,015,672. Depreciation is calculated using the straight-line method, with estimated lives of ten years for all leasehold improvements and pension administration system assets purchased prior to 2009, and ranging from four to five years for office equipment. Depreciation amortization for the years ended December 31, 2009 and 2008 was $225,525 and $218,031, respectively.

*Compensated Absences*

The December 31, 2009 and 2008 liability for accumulated annual leave earned by CCCERA employees totaling $241,944 and $200,957, respectively, included in the other liabilities on the *Statement of Plan Net Assets*, is recorded when earned by the employee. Upon termination of employment, an employee receives compensation for hours of unused annual leave limited by the number of annual leave hours that can be accumulated in two years of employment.

*Use of Estimates*

The preparation of CCCERA's financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Reclassifications*

Comparative data for the prior year has been presented in the selected sections of the accompanying Statements of Plan Net Assets and Changes in Plan Net assets. Also, certain accounts presented in the prior year's data may have been reclassified in order to be consistent with the current year's presentation.

*Implementation of New Accounting Pronouncements*

The Governmental Accounting Standards Board (GASB) has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* This statement establishes accounting and financial reporting requirements for intangible assets, including easements, water rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. However, CCCERA early implemented GASB 51 for the year ended December 31, 2009.

Also in 2009, CCCERA adopted the provisions of GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and local Governments, and Statement No. 56, Codification of Accounting and Financial Reporting.

Guidance contained in the AICPA Statements on Auditing Standards, Statements 55 and 56 were effective upon their issuance.

## NOTE 3. DEPOSITS AND INVESTMENT RISK DISCLOSURES

*Investment Stewardship*
Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest, or delegate CCCERA to invest the assets of CCCERA through the purchase, holding, or sale of any form or type of instrument, or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an investment policy, which places limits on the compositional mix of cash, fixed income and equity securities, alternative investments, and real estate investments. CCCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

As permitted by the Government Code, CCCERA directs the County Treasurer to make specific investments on behalf of CCCERA. Investments made by the County Treasurer are subject to regulatory oversight by the County's Treasury Oversight Committee, as required by the California Government Code Section 27134.

***Investment Risk***

Investments are subject to certain types of risks, including interest rate risk, credit risk (including custodial credit risk and concentrations of credit risk), and foreign currency risk. The following describes those risks:

*Interest Rate Risk*
The fair value of fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those investments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments may have call provisions that could result in shorter maturity periods.

CCCERA does not have a general policy to manage interest rate risk. However, to help manage interest rate risk, the Core Plus Fixed Income portfolios that have holdings in CMOs greater than 15 years or less than negative 15 years in duration (based on a 100 basis point move in rates) are limited to no more than 2% of the fixed income portfolio at cost.

Holdings of Fixed Income Futures are allowed, on an unleveraged basis, such that the market notional value of all long contracts shall be covered by cash, cash receivables, or cash equivalents with one-year or less in duration.

The following schedule is a list of fixed income and short-term investments and the related maturity schedule for CCCERA as of December 31, 2009:

Investment Maturities (in years)

| Investment Type | Less than 1 year | 1-5 years | 5 -10 years | More than 10 years | Fair Value |
|---|---|---|---|---|---|
| Collateralized Mortgage Backed Securities (CMBS) | $ 4,692,498 | $ 55,544,694 | $ 49,696,614 | $ 124,752,602 | $ 234,686,408 |
| Collateralized Mortgage Obligations (CMO) | - | 498,800 | 11,715 | 92,544,922 | 93,055,437 |
| Commercial Paper | 44,199,999 | 5,000,000 | - | - | 49,199,999 |
| Corporate Bonds | 24,142,848 | 177,268,929 | 171,180,412 | 31,215,812 | 403,808,001 |
| Private Placements | - | 136,612,393 | 63,011,591 | 89,924,080 | 289,548,064 |
| Commingled Fixed | - | - | 3,455,171 | - | 3,455,171 |
| Short-term Investment Fund (STIF) Instruments | - | - | - | 88,715,255 | 88,715,255 |
| US Treasury Notes & Bonds | 43,263,292 | 44,666,528 | 32,336,725 | 20,197,233 | 140,463,778 |
| US Agencies (GNMA, FNMA, FHLMC) | 21,567,585 | 25,956,750 | 49,210,973 | 177,421,691 | 274,156,999 |
| TOTALS: | **$137,866,222** | **$445,548,094** | **$368,903,201** | **$ 624,771,595** | **$1,577,089,112** |

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, CCCERA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. Under California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in CCCERA's name.

At year-end, the carrying amount of CCCERA's cash deposits was $712,562 (which are included in cash equivalents) and the bank balance was $635,168. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $250,000 was covered by federal depository insurance, and $385,168 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, CCCERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, not registered in CCCERA's name, and held by the counterparty. CCCERA's investment securities are not exposed to custodial credit risk because all securities held by CCCERA's custodial bank are in CCCERA's name. CCCERA has no general policy on custodial credit risk for deposits.

*Concentration of Credit Risk*

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented 5% or more of plan net assets.

*Credit Risk*

CCCERA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions, and defraying reasonable expenses of administering the Plan. Investments should be diversified so as to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so.

Nationally recognized statistical rating organizations provide ratings of debt securities' quality based on a variety of factors. For example, the financial condition of the issuers provides investors with some idea of the issuer's ability to meet its obligations. Fixed-maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and are often referred to as "high-yield." This is due to the fact that lower rated debt securities generally carry a higher interest rate to compensate the buyer for taking on additional risk. To control credit risk, credit quality guidelines have been established.

**The Domestic Core Plus Fixed Income Portfolio** must meet the following credit qualities:

- Obligations of the U.S. Treasury.
- Obligations guaranteed by an agency of the United States.
- Corporate bonds, asset backed securities or other evidence of debt, rated BAA or better by Moody's Investor Services (Moody's) or rated BBB or better by Standard & Poor's Corporation (Standard & Poor's).
- Commercial paper (including variable rate notes) of issuers rated P-1 by Moody's or A-1 by Standard & Poor's.
- Lower risk planned amortization class (PAC) collateralized mortgage obligations (CMO) and Sequential CMOs. CMOs other than PACs and Sequentials are limited to a maximum of 10% of the fixed income portfolio at cost.
- Other securities as detailed in accordance with the manager's investment agreement with CCCERA.

**The Domestic High Yield Bond Portfolio** must meet the same credit qualities as the Core Plus fixed income portfolio listed above and/or:

- High yield securities as specified in accordance with the manager's investment agreement with CCCERA.

**The International Fixed Income Portfolio** must meet the same credit qualities as the Core Plus fixed income portfolio listed on page 35 and/or:

- Government bonds issued in benchmark countries.
- Government bonds issued in non-benchmark countries, up to 10% of the total account, provided each security is rated Baa by Moody's or BBB by Standard & Poor's.
- Corporate and asset-backed securities issued in benchmark countries.
- Corporate and asset-backed securities issued in non-benchmark countries, up to 10% of the total account, provided each security is rated Baa by Moody's or BBB by Standard & Poor's, or better.
- Eligible instruments issued pursuant to SEC Rule 144(a) or Regulation S.
- Other fixed income instruments as specified by the Board.

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2009 as rated by Standard & Poor's:

| Quality Ratings | Fair Value |
|---|---|
| AAA | $ 665,600,900 |
| AA+ | 205,786,863 |
| AA | 26,012,983 |
| AA- | 28,099,028 |
| A+ | 25,685,196 |
| A | 84,848,028 |
| A-1+ | 730,529 |
| A- | 78,124,827 |
| BBB+ | 23,722,309 |
| BBB | 37,568,431 |
| BBB- | 37,670,508 |
| BB+ | 22,073,918 |
| BB | 18,045,196 |
| BB- | 23,452,774 |
| B+ | 31,959,502 |
| B | 25,585,472 |
| B- | 40,408,663 |
| CCC+ | 11,347,452 |
| CCC | 21,483,436 |
| CCC- | 3,138,782 |
| D | 32,909 |
| NR | 165,711,406 |
| **Total Credit Risk Fixed Income Securities** | **$ 1,577,089,112** |

*Foreign Currency Risk*

Foreign Currency Risk is the risk that changes in exchange rates may adversely affect the fair value of an investment. CCCERA's external investment managers may invest in international securities and must follow CCCERA's Investment Guidelines pertaining to these types of investments.

CCCERA's exposure to Foreign Currency Risk in U.S. dollars as of December 31, 2009, is as follows:

| Currency | Fixed Income | Equity | Total |
|---|---|---|---|
| Netherlands Guilder | $ - | $ 4,873,923 | $ 4,873,923 |
| Australian Dollar | 5,760,136 | 14,623,645 | 20,383,781 |
| Brazilian Dollar | 3,381,518 | - | 3,381,518 |
| Canadian Dollar | 3,885,110 | 7,771,957 | 11,657,067 |
| Swiss Franc | - | 42,834,984 | 42,834,984 |
| Columbian Peso | 1,578,264 | - | 1,578,264 |
| Danish Krone | 1,847,449 | 2,266,500 | 4,113,949 |
| Egyptian Pound | 3,531,437 | - | 3,531,437 |
| Euro | 50,277,277 | 120,807,532 | 171,084,809 |
| British Pound Sterling | 11,150,931 | 91,278,452 | 102,429,383 |
| Ghanaian Cedi | - | - | - |
| Hong Kong Dollar | - | 19,689,080 | 19,689,080 |
| Indonesian Rupiah | 2,379,181 | 4,270,357 | 6,649,538 |
| Indian Rupee | 2,427,928 | - | 2,427,928 |
| Japanese Yen | - | 87,382,291 | 87,382,291 |
| Mexican Peso | 5,759,140 | - | 5,759,140 |
| Maldive Rufiyaa | 1,909,607 | - | 1,909,607 |
| Nigerian Naira | - | - | - |
| Norwegian Krone | 3,289,076 | 6,711,639 | 10,000,715 |
| New Zealand Dollar | 6,223,962 | 1,392,549 | 7,616,511 |
| Polish Zloty | 7,764,900 | - | 7,764,900 |
| Swedish Krona | 2,049,288 | 8,223,120 | 10,272,408 |
| Singapore Dollar | - | 16,354,566 | 16,354,566 |
| Turkey Lira | 1,612,831 | - | 1,612,831 |
| **Total Securities Subject to Foreign Currency Risk** | **$114,828,035** | **$428,480,595** | **$543,308,630** |

## NOTE 4. SECURITIES LENDING TRANSACTIONS

The investment policy, adopted by the Board, permits the use of a securities lending program with its principal custodian bank. CCCERA lends domestic bonds and equities, and non-domestic equities to various brokers for collateral that will be returned for the same securities plus a fee in the future. The custodian bank provides loss indemnification to CCCERA if the borrower fails to return the securities.

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. The collateral cash can be invested and is automatically rolled into a Short-Term Investment Fund (STIF). The collateral securities cannot be pledged or sold by CCCERA without borrower default. Securities on loan must be collateralized at 102% and 105% of the fair value of domestic securities and non-domestic securities, respectively, plus accrued interest (in the case of debt securities).

There are no restrictions on the amount of the securities that can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice (a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral. There were no losses associated with securities lending transactions during the year.

At year-end, additional funds of $2,972,239 are owed to borrowers for CCCERA's collateral overpayments on CCCERA's securities on loan. This is known as the "calculated mark" and will settle on the first business day of January 2010. CCCERA has no credit risk exposure to borrowers because the collateral exceeds the amount borrowed. The fair value of investments on loan at December 31, 2009, is $447,871,773, which was collateralized by cash and securities in the amount of $461,697,015. The fair value of the cash collateral in the amount of $461,576,590 has been reported as an asset and liability in the accompanying Statement of Plan Assets.

### SECURITIES LENDING

The following securities were on loan and collateral received as of December 31, 2009:

| Securities on Loan | Market Value of Securities on Loan | Cash Collateral* | Non-Cash Collateral | Collateral -Percentage |
|---|---|---|---|---|
| US Corporate Fixed and Equity | $337,008,041 | $347,998,838 | $120,425 | 103.3% |
| US Government | 100,255,908 | 102,482,610 | - | 102.2% |
| International Equities | 10,607,824 | 11,095,142 | - | 104.6% |
| **Total** | **$447,871,773** | **$461,576,590** | **$120,425** | **103.1%** |

* Additional funds known as the "calculated mark" are due from/to the borrower to bring collateral to 102% for domestic securities and 105% for international securities.

## NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

As permitted by the California Government Code and the investment policy, CCCERA uses forward settlement contracts, forward currency contracts, futures and options contracts, and other derivative products within fixed income financial instruments. These derivative financial instruments are used to reduce financial market risks, enhance yields, and to participate in all market areas without increasing investment costs. At December 31, 2009, the following derivative financial instruments were held by investment managers:

Various investment managers for CCCERA manage fixed income portfolios that contain derivative type financial instruments. These instruments include government and corporate obligations consisting of asset-backed securities, call and put options, floating rate notes, constant maturity index, Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations (CMOs), Collateralized Mortgage Backed Securities (CMBS) and LIBOR Indexed ARMs. The fair value of derivative financial instruments at December 31, 2009, is $520,042,417.

PIMCO and Lazard have made investments in forward currency contracts, which are unrecorded commitments to purchase or sell stated amounts of foreign currency. Gains or losses on the disposition of the commitments are recorded at the time of settlement. The fair values of forward currency contracts are determined by quoted currency prices from national exchanges. As of December 31, 2009, total commitments in forward currency contracts to purchase and sell foreign securities were $94,704,304 and $94,704,304, respectively, with market values of $94,427,999 and $93,555,691, respectively.

## NOTE 6. CONTRIBUTIONS

Employer and member basic and COLA contributions are based on statute and rates recommended by an independent actuary and adopted by the Retirement Board. Covered employees are required by statute to contribute toward their pensions. The rates are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and tier. CCCERA members are required to contribute between 2.80% and 20.18% of their annual covered salary, depending on their employer, tier and benefit. Certain County Safety and all Moraga-Orinda Fire Protection District Safety members contribute an additional 9.0% of the employer's increase in contributions attributed to the adoption of the enhanced benefit package commonly known as 3% at 50. Effective October 1, 2006, Contra Costa County and the Deputy Sheriff's Association agreed to modify the employee subvention of the employer rate from 9% to 3% for the Safety Tier A group only. Safety Tier C members pay or subvent 2.1% of the employer rate. Member contributions are refundable upon termination of employment.

Employers are required to contribute at an actuarially determined rate calculated on the alternate funding method permitted by Government Code Section 31453.5. Pursuant to provisions of the 1937 Act, the Retirement Board recommends annual contribution rates for adoption by the Board of Supervisors. The “Entry Age Normal” funding method is used to calculate the rate required to provide benefits to members.

During the year ended December 31, 2009, contributions totaled $262,149,834, which included $195,613,673 in employer contributions, and $66,536,161 in employee contributions. The contribution figures also include employee and employer purchase, redeposit, and conversion amounts.

Government Code Section 31582(b) allows the Board of Supervisors to authorize the County auditor to make an advance payment of all or part of the County's estimated annual contribution to the retirement fund. Code Section 31585 makes the same appropriations and transfers available to Districts. Contra Costa County and 10 participating employers "prepay" or make advance payments of all of the employer's estimated annual contributions discounted by the assumed interest rate in effect on July 1. At the end of the fiscal year, a "true-up" is completed and employers are either billed for an underpayment or apply their overpayment towards the following year contributions.

Six-year historical trend information, designed to provide information about CCCERA's progress in accumulating sufficient assets to pay benefits when due, is presented as required supplementary information on page 48.

On August 14, 1997, the Supreme Court of the State of California issued a decision in a case entitled *Ventura County Deputy Sheriff's Association vs. Board of Retirement of Ventura County Employees' Retirement Association* (Ventura Decision). On October 1, 1997, the Ventura Decision became final. The Supreme Court held that a County Retirement System operating under provisions of the County Employees Retirement Law of 1937 must include certain types of cash incentive payments and additional pay elements received by an employee, within the employee's "compensation earnable" and "final" compensation when calculating the employee's retirement benefits. The Board voted to implement the changes to the retirement benefits as of October 1, 1997, the date the decision became final.

## NOTE 7. FUNDED STATUS

CCCERA's funded status based on the most recent actuarial valuation performed by The Segal Company as of December 31, 2008, is as follows:

### SCHEDULE OF FUNDED STATUS (DOLLARS IN THOUSANDS)

| Actuarial Valuation Date | Actuarial Value of Assets* (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 12/31/08 | $5,282,505 | $5,972,471 | $689,966 | 88.5% | $704,948 | 97.9% |

*Excludes Accounts Payable. Restated to exclude non-valuation reserves.

<u>Disclosure of Information about Actuarial Methods and Assumptions</u>

The required Schedule of Funding Progress immediately following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employers and plan members to that point.

The projection of benefits for financial reporting does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost-sharing between the employer and the Plan members in the future.

Actuarial calculations reflect a long-term prospective. Actuarial methods and assumptions used include techniques to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

## LATEST ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

| | |
|---|---|
| Valuation Date | December 31, 2008 |
| Actuarial Cost Method | Entry Age Normal Funding Method |
| Amortization Method | Level Percent of payroll for total unfunded liability (4.25% payroll growth assumed) |
| Remaining Amortization Period | Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 14 years remaining as of December 31, 2008. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that specific valuation. |
| Asset Valuation Method | 5 year Smoothed Market, excluding non-valuation reserves and designations* |

Actuarial Assumptions:

| | |
|---|---|
| Investment Rate of Return | 7.80% |
| Inflation Rate | 3.75% |
| Real Across-the-Board Salary Increases | .50% |
| Projected Salary Increases - General | 5.00% to 11.75%** |
| Projected Salary Increases - Safety | 5.00% to 12.25% |

Post Retirement Cost-of-Living Adjustments contingent upon CPI Increases

| | |
|---|---|
| Tier 1 Service and Disability | 3% maximum |
| Tier 2 Service and Disability | 4% maximum (valued at 3.75%) |
| Tier 3 Service | 3% maximum |
| Tier 3 Disability | 4% maximum (valued at 3.75%) |
| Safety Tier A | 3% maximum |
| Safety Tier C | 2% maximum |

*Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.

**Includes inflation at 3.75% plus "across the board" salary increases of 0.50%, plus merit and promotional increases.

## Note 8. Reserves and Designations

Reserves are established from member and employer contributions and the accumulations of investment income after satisfying investment and administrative expenses. The reserves are not fully funded to satisfy retirement and other benefits as they become due, as noted in the *Schedule of Funding Progress*. Following are brief explanations of the major classes of reserves and designations used by CCCERA:

***Member Deposits Reserve*** represents the balance of member contributions. Additions include member contributions and related earnings; deductions include refunds of member contributions and transfers to Retired Member Reserve.

***Employer Advance Reserve*** represents the balance of employer contributions for future retirement payments to current active members. Additions include contributions from the employer and related earnings; deductions include transfers to Retired Member Reserve, lump sum death benefits, and supplemental disability payments under legislated rehabilitation programs.

***Retired Member Reserve*** represents the balance of transfers from Member Deposits Reserve and Employer Advance Reserve and related earnings, less payments to retired members. Included in the Retired Member Reserve is the Retirement Board Reserve for the New Dollar Power cost of living supplement for Retirees.

***Smoothed Market Value Valuation*** represents the accumulated difference between the Actuarial Value of Assets for valuation and the accumulated balances in the valuation reserves. This was a one-time adjustment to increase the valuation reserves as a result of implementing Governmental Accounting Standards Board Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

***Contra Tracking Account (CTA)*** represents the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board and will be replenished in subsequent periods when there are sufficient earnings.

***Statutory Contingency Reserve*** represents investment earnings accumulated for future earnings deficiencies, investment losses and other contingencies. Additions include investment income and other revenues; deductions include investment expenses, administrative expenses, interest allocated to other reserves, funding of Supplemental COLA and transfers of excess earnings to other Reserves and other Designations. The Statutory Contingency Reserve is used to satisfy the California Government Code requirement that CCCERA reserve one percent of its assets against deficiencies in interest earnings in other years, losses on investments, and other contingencies. As of December 31, 2003, the Statutory Contingency Reserve was completely used to pay interest to the reserve accounts.This acccount will be replenished in subsequent periods when there are sufficient earnings according to the interest crediting policy for CCCERA.

***Market Stabilization Account*** represents the deferred return developed by the smoothing of realized and unrealized gains and losses based on a five-year smoothing. This method smoothes only the semi-annual deviation of total market return (net of expenses) from the return target, 7.8 percent per annum.

Reserved and designated net assets as of December 31, 2009 and 2008 are as follows:

| | **2009** | **2008** |
|---|---|---|
| Valuation Reserves: | | |
| Member Deposits | $ 503,689,973 | $ 450,683,276 |
| Member Cost of Living | 215,726,662 | 183,722,077 |
| Employer Advance | 1,616,871,233 | 1,420,881,191 |
| Employer Cost of Living | 1,046,752,850 | 941,378,185 |
| Retired Member | 1,615,284,114 | 1,624,797,602 |
| Retired Cost of Living | 708,063,460 | 686,649,902 |
| New Dollar Power Cost of Living Supplement and Pre-Fund | 18,778,932 | 20,191,143 |
| Smoothed Market Value Valuation | 214,894,000 | 198,874,477 |
| Contra Tracking Account | (649,947,122) | (244,672,694) |
| Total Valuation Reserves | 5,290,114,102 | 5,282,505,159 |
| Supplemental Reserves: | | |
| Post Retirement Death Benefit | 14,147,559 | 13,455,741 |
| Other Reserves/Designations: | | |
| Statutory Contingency Reserve (one percent) | 0 | 0 |
| Total Allocated Reserves/Designations | 5,304,261,661 | 5,295,960,900 |
| Market Stabilization Account | (827,532,131) | (1,546,262,088) |
| **NET ASSETS HELD IN TRUST FOR PENSION BENEFITS** | **$4,476,729,530** | **$3,749,698,812** |

## Note 9. Post Employment Benefits Other than Pensions (OPEB)

*Plan Description*
Contra Costa County is the plan sponsor and administers a single-employer defined benefit post employment medical and dental insurance benefit to eligible retired employees and their dependents (County of Contra Costa Post Retirement Health Benefit Plan). Contra Costa County contracts with Contra Costa Health Plan (CCHP), Kaiser Permanente, Health Net and the California Public Employees' Retirement System (CalPERS) to provide medical benefits, and Delta Dental and PMI Deltacare for dental benefits. The insurers charge the same premium for active and retired members. Benefit provisions are established and may be amended through negotiations between Contra Costa County and the respective bargaining units.

In calendar year 2008, the Contra Costa County Board of Supervisors adopted for both safety and non-safety unrepresented employees, appointed and elected officials, and for persons who retired from classifications that were unrepresented at the time of retirement, appointment, or election, the following changes:

- Beginning on January 1, 2010, the County health care premium subsidy, including CalPERS, is set at the calendar year 2009 dollar amount.
- Beginning on January 1, 2010, the County dental care premium subsidy, including CalPERS, is set at the calendar year 2009 dollar amount.
- After December 31, 2008, employees and retirees, and dependents of employees and retirees, can no longer have dual coverage in two County/district health or dental plans, including CalPERS plans. This provision will apply to County and district employees and retirees who have spouses or partners who are either County or district employees or who retired either from the County or a Board governed special district such as the Contra Costa County Fire Protection District.
- Individuals who became 65 on or after January 1, 2009, are required to enroll in Medicare Parts A and B.
- A new health care tier was established for employees hired, appointed, or elected after December 31, 2008.

*Trust Agreement*
On September 25, 2007, the Board of Supervisors approved the selection of an irrevocable trust structure (Internal Revenue Service Code Section 115) for OPEB funding for Contra Costa County. The purpose of the Trust is to hold assets to pay post retirement health benefits. The Trust was legally established effective January 1, 2008.

*Annual OPEB Cost and Net OPEB Obligation*
The County’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize the Unfunded Actuarial

Accrued Liability (UAAL). The UAAL is being amortized as a level dollar amount over 30 years on a closed basis. The remaining amortization period at December 31, 2009 is 28 years. Each employer shall determine, in its sole discretion, the amount of contributions (if any) made to the trust for any period from time to time.

CCCERA's portion of the total County's ARC is shown in the following table:

| | |
|---|---|
| Annual required contribution 2009 | $ 447,000 |
| Interest on Net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | 447,000 |
| Contribution made | (63,877) |
| Increase in Net OPEB obligation | 383,123 |
| Net OPEB obligation - beginning of year | 759,112 |
| Adjustment to Net OPEB obligation - beginning of year | - |
| Net OPEB obligation - end of year | $ 1,142,235 |

| Calendar Year-ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 12/31/2007* | $ 320,500 | 10.6% | $ 286,448 |
| 12/31/2008 | $ 544,000 | 13.1% | $ 472,664 |
| 12/31/2009** | $ 447,000 | 14.3% | $ 383,123 |
| Totals | $1,311,500 | 12.9% | $1,142,235 |

*Six month period **Used 2008-09 figure from Table 7; latest figure available.

*Funded Status and Funding Progress*

The following dollar amounts represent the status of the entire program, which is administered by Contra Costa County, not CCCERA. As of January 1, 2008, the most recent actuarial valuation date, the funded status of the plan was as follows:

| | |
|---|---|
| Actuarial accrued liability (AAL) | $1,879,000,000 |
| Actuarial value of plan assets | 20,038,000 |
| Unfunded actuarial accrued liability (UAAL) | $1,858,962,000 |
| Funded ratio (actuarial value of plan assets) | 1.1% |
| Covered payroll (active plan members) | $ 625,273,000 |
| UAAL as a percentage of covered payroll | 297.30% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements of the County of Contra Costa Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used in the techniques are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.32 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return of the County's own investments calculated, and an annual healthcare cost trend rate of 10% initially, reduced by 1 percent decrements to an ultimate rate of 5 percent after five years. Both rates include a 3.5 percent inflation assumption. The UAAL is being amortized as a level dollar amount over 30 years on a closed basis. The remaining amortization period at December 31, 2009, is 28 years.

The County began pre-funding benefits in the fiscal year ended June 30, 2008. Funding will be increased to $20 million in the fiscal year ending June 30, 2009. The County will prefund an additional $20 million in the fiscal year ending June 30, 2010. As soon as practical, the Trustee shall engage a Custodian to hold Trust assets. All custodial accounts and annuity contracts and other investments held under the Plan shall be titled in the name of the Trust and shall be deemed part of the Trust.

As of December 31, 2009, there is no separate, audited GAAP-basis postemployment benefit plan report available.

## NOTE 10. LEASE OBLIGATION

CCCERA owns the Willows Office Park located at 1355 Willow Way, Concord, California and has held this property as a real estate investment since 1984. The property manager for the Willows Office Park is CB Richard Ellis. CCCERA has entered into a fair market lease to occupy a portion of the building. A commitment under an operating lease agreement for office facilities provides for minimum future rental payments through July 31, 2014. These future minimum rental payments as of December 31, 2009, are as follows:

| Year ending December 31 | Amount |
|---|---|
| 2009 | $ 329,752 |
| 2010 | 331,026 |
| 2011 | 340,932 |
| 2012 | 350,838 |
| 2013 | 360,744 |
| 2014 * | 213,805 |
| TOTAL | $ 1,927,097 |

*Lease expires July 31, 2014

## NOTE 11. RISK MANAGEMENT

CCCERA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. CCCERA manages and finances these risks by purchasing commercial insurance. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded CCCERA's commercial insurance coverage in any of the past three years.

## NOTE 12. PAULSON LAWSUIT SETTLEMENT

During the year ended December 31, 1999, CCCERA settled its litigation, entitled *Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al*. The lawsuit was brought on behalf of a class of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating member's retirement benefits as a result of the Ventura Decision (see Note 6). A settlement agreement was entered into with all parties and each employer was invoiced for their share of the $34.2 million additional liability plus interest up to the date of the payment. All employers except Contra Costa County have paid off their liability. Contra Costa County chose to pay its share of the liability due over 19.5 years and entered into an agreement with CCCERA. These employers entered into contracts with CCCERA. The following summary lists the pertinent details of the County's agreement plus the amounts due at December 31, 2009.

INSTALLMENT PAYMENTS DUE FROM PAULSON FINAL LIABILITY

| | Contra Costa County |
|---|---|
| Agreement Details: | |
| Effective Date of Agreement | December 16, 2003 |
| First Payment Due | August 1, 2004 |
| Last Payment Due | February 1, 2024 |
| Rate of Interest | 8% |
| Annual Principal and Interest Payment | $ 2,759,911 |
| Original Principal | $ 28,064,981 |
| | |
| Receivable at December 31, 2009: | |
| Future Principal Payments | $ 23,196,753 |
| Interest Accrued for 2009 | $ 773,225 |
| | $ 23,969,978 |

## NOTE 13. LITIGATION, COMMITMENTS AND CONTINGENCIES

CCCERA is subject to legal proceedings and claims arising in the ordinary course of its operations. CCCERA's management and legal counsel estimate that the ultimate outcome of such litigation will not have a material effect on CCCERA's financial statements.

## NOTE 14. SUBSEQUENT EVENT

The Retirement Board approved a $40 million investment in Oaktree Private Investment Fund 2009 at the February 10, 2010, meeting, subject to review of legal contracts and satisfactory on-site visit. The on-site visit was completed on February 16, 2010, legal contracts were signed, and the first drawdown of funds was completed on February 23, 2010.

# Required Supplementary Information

## Schedule of Funding Progress (Dollars In Thousands)

| Actuarial Valuation Date | Actuarial Value of Assets* (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 12/31/03 | $ 3,538,722 | $4,141,390 | $602,668 | 85.4% | $600,274 | 100.4% |
| 12/31/04 | 3,673,858 | 4,481,243 | 807,385 | 82.0% | 619,132 | 130.4% |
| 12/31/05 | 4,062,057 | 4,792,428 | 730,371 | 84.8% | 627,546 | 116.4% |
| 12/31/06 | 4,460,871 | 5,293,977 | 833,106 | 84.3% | 653,953 | 127.4% |
| 12/31/07 | 5,016,137 | 5,581,048 | 564,911 | 89.9% | 671,618 | 84.1% |
| 12/31/08 | $5,282,505 | $5,972,471 | $689,966 | 88.5% | $704,948 | 97.9% |

*Excludes Accounts Payable. Restated to exclude non-valuation reserves.

## Schedule of Employer Contributions

| Year Ended December 31 | Annual Required Contribution | Percentage Contributed |
|---|---|---|
| 2003 | $ 108,728,047** | 100.0% |
| 2004 | 118,245,418 | 100.0% |
| 2005 | 147,165,108*** | 100.0% |
| 2006 | 179,755,315***** | 100.0% |
| 2007 | 196,929,570 | 100.0% |
| 2008 | $ 206,518,693 | 100.0% |

** Excludes Contra Costa County pension obligation bond proceeds of $319,094,719.

*** Excludes Consolidated Fire and Moraga-Orinda Fire District's pension obligation bond proceeds of $124,917,000 and $28,217,911, respectively.

**** Excludes City of Pittsburg pension obligation bond proceeds of $11,693,396.

Actuarial valuations of CCCERA are normally carried out as of December 31 of each year and contribution requirements resulting from such valuations become effective on July 1 of the following fiscal year, except as follows: The contribution requirements from the December 31, 2001, valuation became effective on January 1, 2003, per Retirement Board action and remained in effect through June 30, 2004. The contribution requirements resulting from subsequent valuations will become effective 18 months after the valuation date (i.e., December 31, 2007, became effective on July 1, 2009).

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

## Other Supplementary Information

# Schedule of Administrative Expenses

### For the Years Ended December 31, 2009 and 2008

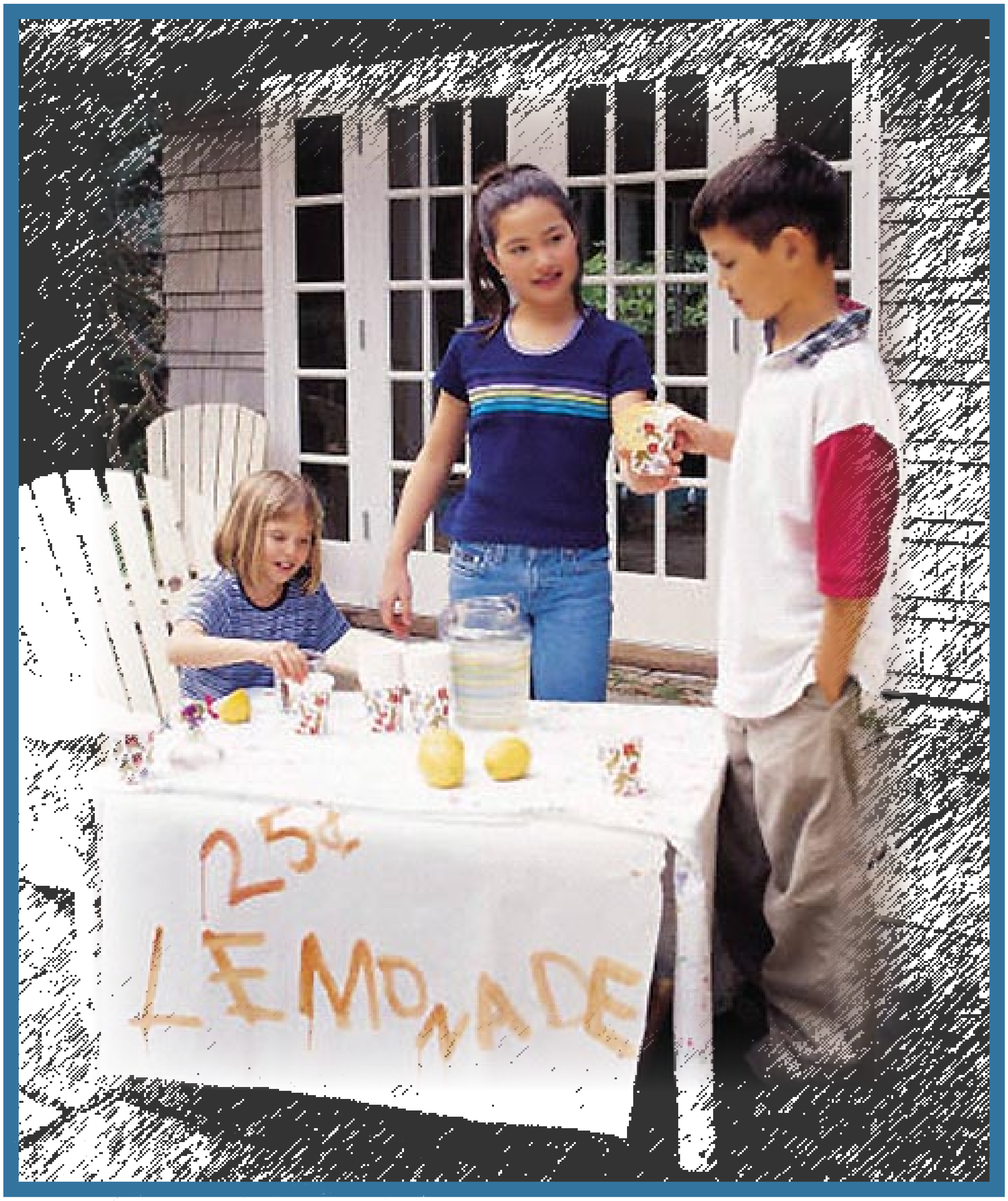
| | 2009 | 2008 |
|---|---|---|
| Personnel Services: | | |
| Salaries and Wages | $ 2,744,983 | $ 2,510,045 |
| Employee Retirement | 2,122,031 | 1,480,364 |
| Total Personnel Services | 4,867,014 | 3,990,409 |
| Professional Services: | | |
| Actuary - Benefit Statement | 65,000 | 65,000 |
| Computer and Software Services and Support | 1,096,715 | 256,535 |
| County Counsel - Disability | 104,891 | 78,779 |
| Disability Hearing Officer/Medical Reviews | 54,471 | 19,675 |
| External Audit Fees | 54,531 | 48,500 |
| Contra Costa Dept of Information Technology | 91,793 | 97,675 |
| Newsletters | 33,089 | 28,213 |
| Other Professional Services | 55,466 | 87,896 |
| Total Professional Services | 1,555,956 | 682,273 |
| Office Expenses: | | |
| Office Leases | 337,066 | 343,892 |
| Office Supplies | 50,127 | 35,533 |
| Minor Equipment and Computer Supplies | 6,932 | 21,154 |
| Postage | 54,568 | 46,756 |
| Equipment Lease | 25,648 | 21,607 |
| Requested Maintenance | 2,812 | 2,868 |
| Communications/Telephone | 30,624 | 24,979 |
| Printing and Publications | 19,419 | 19,106 |
| Total Office Expenses | 527,196 | 515,895 |
| Miscellaneous: | | |
| Fiduciary and Staff - Education/Travel | 60,350 | 66,448 |
| Fiduciary and Staff - Meetings/Other Travel | 4,230 | 4,856 |
| Insurance | 105,672 | 106,372 |
| Memberships | 12,807 | 16,842 |
| Total Miscellaneous | 183,059 | 194,518 |
| Depreciation and Amortization | 225,525 | 218,031 |
| **Total Administrative Expenses** | **$ 7,358,750** | **$ 5,601,126** |

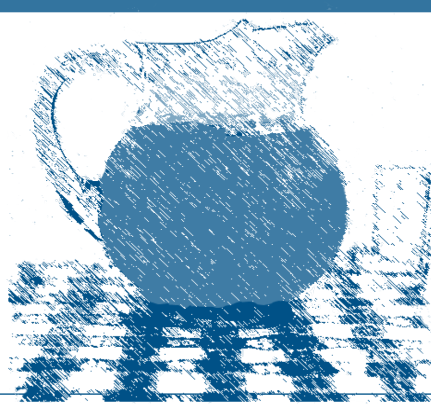
# Schedule of Investment Expenses

## For the Years Ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|---|---|
| Investment Management Fees, by portfolio: | | |
| Stocks | $ 7,625,656 | $ 8,263,432 |
| Bonds | 6,358,491 | 5,268,462 |
| Real Estate | 5,304,846 | 4,285,152 |
| Alternative | 5,527,429 | 7,087,164 |
| Cash and Short-term | 6,867 | 5,030 |
| Total Investment Management Fees | 24,823,289 | 24,909,240 |
| Investment Consulting Fees: | | |
| Consulting Services | 255,033 | 255,038 |
| Attorney Services | 103,618 | 175,423 |
| Actuarial Services | 282,334 | 284,195 |
| Total Investment Consulting Fees | 640,985 | 714,656 |
| Investment Custodian Fees | 697,539 | 783,023 |
| Other Investment Related Expenses | 555,292 | 534,980 |
| **Total Investment Expenses** | **$ 26,717,105** | **$ 26,941,899** |

# *Contra Costa County is . . .*



*. . . Enterprise*

# Investment Section

# Report On Investment Activity

contra costa county
Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax: 925.646.5747

March 18, 2010

Trustees, Board of Retirement
Contra Costa County Employees' Retirement Association

Re: *Chief Investment Officer Review of 2009 Investment Returns*

Members of the Board:

The Contra Costa County Employees' Retirement Association (CCCERA) experienced very strong performance for the calendar year ending December 31, 2009, both on an absolute basis versus performance objectives and on a relative basis versus universes of peer funds. This is a strong reversal from the negative returns experienced in 2008.

*Total Fund Performance*
CCCERA's Total Fund returned 21.9% for the one-year period ending December 31, 2009, exceeding the 7.8% actuarial interest rate and the 6.9% return for the performance objective of the CPI plus 400 basis points. Relative to peer universe comparisons, CCCERA's 2009 performance exceeded the median total fund return of 18.4% and the median public fund return of 18.1%, ranking in the 32nd percentile in the universe of total funds and in the 26th percentile in the universe of public funds.

*Domestic Equity Performance*
CCCERA's domestic equities returned 30.8% for 2009, above the 28.3% return of the Russell 3000 Index and the 26.5% return of the S&P 500 Index. CCCERA's domestic equities also exceeded the 29.0% return of the median equity manager for the one-year period ending December 31, 2009, ranking in the 43rd percentile in the universe of domestic equity managers.

*International Equity Performance*
For the calendar year of 2009, CCCERA's international equities returned 23.3%. This performance trailed the 2009 return of 32.5% for the MSCI EAFE Index, and the 2009 return of 36.1% for the median international equity manager. CCCERA's international equities ranked in the 83rd percentile in the universe of international equity portfolios for the one-year period ending December 31, 2009.

*Domestic Fixed Income Performance*
CCCERA's total domestic fixed income returned 17.8% for the one-year period ending December 31, 2009, significantly above the 5.9% return of the Lehman Aggregate Index and the 8.3% return of the median fixed income manager. For 2009, CCCERA's domestic fixed income performance ranked in the 6th percentile in the universe of fixed income managers.

Trustees, Board of Retirement
March 18, 2010
Page 2

*Real Estate Performance*
CCCERA's combined real estate portfolio returned -0.5% for the calendar year 2009, above the -3.3% return for the real estate benchmark and the -28.7% return of the median real estate portfolio. This relatively good performance is partially attributable to publicly traded real estate investment trusts (REITs), which were up for the year. The return for the publicly traded DJ Wilshire REIT Index was 28.6% for the calendar year 2009.

*Alternative Investment Performance*
For the one-year period ending December 31, 2009, CCCERA's combined alternative investment portfolio returned -1.5%. (Several components of the combined alternative investment composite are reported on a lagging quarter basis due to financial data reporting constraints, and we expect the results to be negatively impacted when valuations are reported for year end.)

*Asset Allocation*
As of December 31, 2009, CCCERA's market value of assets is $4.5 billion, an increase of approximately $0.7 billion from the December 31, 2008, market value of $3.8 billion. This large increase in value is the result of strong investment returns experienced in 2009.

CCCERA assets, as of December 31, 2009, were under-weighted in investment grade fixed income at 26.9% versus the target of 29.0%, and alternative investments at 5.0% versus the target of 7.0%. CCCERA was over-weighted in global equities at 52.9% versus the target of 49.0%. All other asset classes are near their respective targets. (Assets earmarked for alternative investments are temporarily invested in domestic equities.)

Assets have been rebalanced to targets since year-end in accordance with CCCERA's investment policy guidelines.

All return figures mentioned in this review are presented gross of fee and time-weighted, and are calculated by CCCERA's investment consultant, Milliman.

Sincerely,

Cary Hally, CFA
Chief Investment Officer

# General Information

CCCERA's investment program objective is to provide CCCERA participants and beneficiaries with benefits as required by the County Employees Retirement Law of 1937. The Plan's main investment objective is for the total fund return to exceed the CPI plus 400 basis points over a market cycle (four or five years). This is accomplished by the implementation of a carefully planned and executed long-term investment program.

The California Constitution and Government Code Section 31594 and 31595 authorize the Board to invest in any investment deemed prudent in the Board's opinion. Investment decisions are to be made in the sole interest and for the exclusive purpose of providing benefits, minimizing employer contributions and defraying reasonable expenses for administering the system. Investments are to be diversified to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment policies and objectives and defines the principal duties of the Board, custodian bank and investment managers. For the year-ended December 31, 2009, the total fund gain was 21.9%, greater than the targeted return of 6.9% (CPI plus 400 basis points), and greater than the median public fund return of 18.1%.

## Summary of Proxy Voting Guidelines and Procedures

Voting of proxy ballots shall be in accordance with CCCERA's Proxy Voting Guidelines. CCCERA utilizes the services of Risk Metrics Group to research and vote CCCERA's U.S. proxy ballots in order to protect and enhance our returns.

# Investment Results Based on Fair Value*

## As of December 31, 2009

| | | Current Year | Annualized 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|
| **Domestic Equity** | | 30.80% | -4.50% | 1.40% | 0.10% |
| Benchmarks: | S&P 500 | 26.50% | -5.60% | 0.40% | -1.00% |
| | Russell 2000 | 27.20% | -6.10% | -0.50% | 3.50% |
| | Russell 3000 | 28.30% | -5.40% | 0.80% | -0.20% |
| **International Equity** | | 23.30% | -7.40% | 3.90% | 1.40% |
| Benchmarks: | MSCI EAFE Index | 32.50% | -5.60% | 4.00% | 1.60% |
| | MSCI ACWI ex-US | 42.10% | -3.00% | 6.30% | 3.10% |
| **Domestic Fixed Income** | | 17.80% | 4.60% | 5.00% | 6.60% |
| Benchmarks: | Barclays Aggregate | 5.90% | 6.00% | 5.00% | 6.30% |
| | Barclays Universal | 8.60% | 5.80% | 5.00% | 6.40% |
| | Merrill Lynch HY II | 57.50% | 5.90% | 6.40% | 6.50% |
| | T-Bills | 0.20% | 2.40% | 2.60% | 2.80% |
| **International Fixed Income**** | | 11.30% | - | - | - |
| Benchmark: | Barclays Global Aggregate | 6.90% | 7.10% | 4.60% | - |
| **Real Estate** | | -0.50% | -14.20% | 0.40% | 8.20% |
| Benchmarks: | NCREIF Property Index | -16.90% | -3.40% | 4.80% | 7.30% |
| | DJ Wilshire REIT | 28.60% | -13.60% | -0.10% | 10.70% |
| **Alternative Investments** | | -1.50% | 8.70% | 15.30% | 10.10% |
| S&P 500 + 400 bps | | 31.40% | -1.80% | 4.40% | 3.00% |
| **Total Fund** | | 21.90% | -1.30% | 4.20% | 4.50% |
| CPI + 400 bps | | 6.90% | 6.40% | 6.70% | 6.90% |

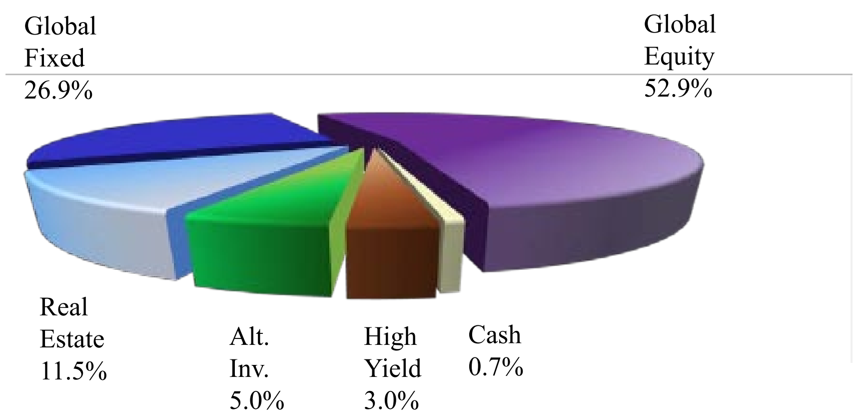
* Using time-weighted rate of return based on the market rate of return

** International Fixed Income Manager hired in December 2007

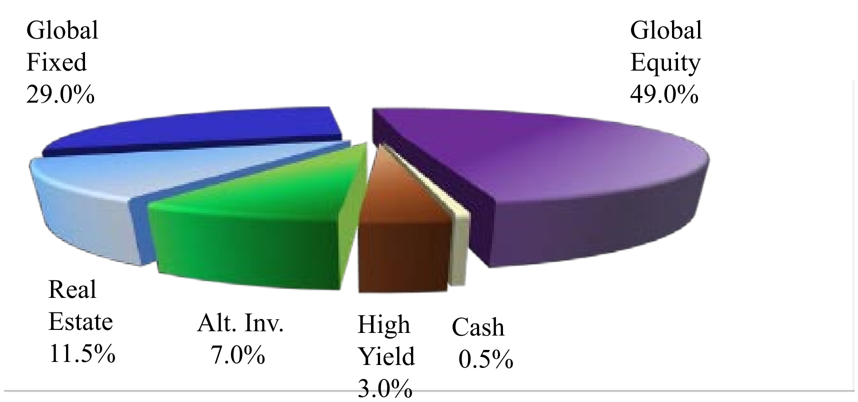
## Asset Allocation

The Asset Allocation is an integral part of the Investment Policy. If a new asset class is implemented or a current asset class is expanded, the Plan's policy is modified to reflect the change or revision. The Board implements the asset allocation plan by hiring active investment managers to invest assets on CCCERA's behalf, subject to investment guidelines incorporated into each firm's investment manager contract. CCCERA's Chief Investment Officer and the outside investment consultant (Milliman) assist the Board with the design and implementation of the asset allocation as depicted in the following chart:

### As of December 31, 2009




**Actual Asset Allocation**




**Target Asset Allocation**

# 10 Largest Equity Holdings as of 12/31/09

| CUSIP | Shares | Security Name | Fair Value |
|---|---|---|---|
| 828806109 | 418,443 | SIMON PROPERTY GROUP INC | $ 33,391,751 |
| 74460D109 | 226,460 | PUBLIC STORAGE | 18,445,167 |
| 29476L107 | 499,690 | EQUITY RESIDENTIAL | 16,879,528 |
| 037833100 | 75,000 | APPLE INC | 15,814,500 |
| 929042109 | 225,935 | VORNADO REALTY TRUST | 15,801,894 |
| 38259P508 | 25,000 | GOOGLE INC CL A | 15,499,500 |
| 00163T109 | 606,365 | AMB PROPERTY CORP | 15,492,626 |
| 101121101 | 226,805 | BOSTON PROPERTIES INC | 15,211,811 |
| 92826C839 | 171,600 | VISA INC CLASS A SHARES | 15,008,136 |
| 018490102 | 215,000 | ALLERGAN INC | 13,547,150 |
| | | **Total Largest Equity Holdings** | **$175,092,063** |

# 10 Largest Fixed Holdings as of 12/31/09

| CUSIP | Security Name | Cost | Fair Value |
|---|---|---|---|
| 722005808 | PIMCO FDS PAC INVT MGMT SER | $ 117,727,327 | $ 119,685,735 |
| 722005873 | PIMCO FDS PAC INVT MGMT SER | 55,772,670 | 56,659,916 |
| 722005600 | PIMCO FDS PAC INVT MGMT SER | 54,083,597 | 49,373,711 |
| 722005857 | PIMCO FDS PAC INVT MGMT SER | 27,896,470 | 24,507,404 |
| 912828LW8 | US TREASURY N/B | 14,794,927 | 14,796,004 |
| 99S05CG53 | GR019737 IRS USD R V 03MLIBOR | 12,845,682 | 13,168,951 |
| 99S05CFT2 | GRO19822 IRS USD R V 03MLIBOR | 11,234,491 | 11,509,871 |
| 31410KW75 | FNMA POOL 889970 | 11,326,714 | 11,159,420 |
| 99S05EA55 | GR023118 IRS USD R F 3.25000 | 10,186,837 | 10,208,592 |
| 01F052615 | FNMA TBA JAN 30 SINGLE FAM | 9,521,178 | 9,420,480 |
| | **Total Largest Fixed Holdings** | | **$320,490,084** |

A complete list of portfolio holdings is available on request.

# Schedule of Investment Management Fees

## For the year ended December 31, 2009

| | |
|---|---|
| **Investment Activity** | |
| Stock Managers | |
| Domestic | $ 6,501,280 |
| International | 1,124,376 |
| Subtotal | 7,625,656 |
| Bond Managers | |
| Domestic | 5,895,708 |
| International | 462,783 |
| Subtotal | 6,358,491 |
| Real Estate Managers | 5,304,846 |
| Alternative Investment Managers | 5,527,429 |
| Cash & Short-term with County Treasurer | 6,867 |
| Total Fees from Investment Activity (see page 50) | 24,823,289 |
| **Securities Lending Activity** | |
| Management Fee | 719,426 |
| Borrower Rebate | 273,126 |
| Total Fees from Securities Lending Activity | 992,552 |
| **Total Investment Management Fees** | **$ 25,815,841** |

# Investment Summary

## As of December 31, 2009

| Type of Investment | Fair Value | Percent of Total Fair Value |
|---|---|---|
| Deposit | $ 712,565 | 0.01% |
| Short-term Investments held by Fiscal Agent | 658,715,613 | 13.21% |
| Short-term Investments held by the County | 4,429,000 | 0.09% |
| Total Short-term Investments | 663,857,178 | 13.31% |
| US Government and Agency Instruments | 622,790,021 | 12.49% |
| Private Placement Bonds | 289,548,064 | 5.81% |
| Domestic Corporate Bonds | 296,644,703 | 5.95% |
| International Bonds | 203,277,825 | 4.08% |
| Total Bonds | 1,412,260,613 | 28.32% |
| Domestic Stocks | 1,653,601,613 | 33.16% |
| International Stocks | 515,884,423 | 10.34% |
| Total Stocks | 2,169,486,036 | 43.50% |
| Real Estate | 492,043,654 | 9.87% |
| Alternative Investments | 249,373,445 | 5.00% |
| **Total Investments** | **$ 4,987,020,926** | **100.00%** |

# Investment Managers

As of December 31, 2009

**Alternative Assets**
Adams Street Partners
Bay Area Equity Fund
Carpenter Bancfund
Energy Investors Funds Group (EIF/Liberty)
Hancock PT Timber Investments Inc
Nogales Investors LLC
Paladin Capital Management
Pathway Capital Management

**Equity - Domestic**
Boston Partners
Delaware Investment Advisors
Emerald Advisors, Inc
Intech
PIMCO
Progress Investment Management
Rothschild Asset Management
State Street Global Market
Wentworth, Hauser and Violich

**Equity - International**
Grantham, Mayo, Van Otterloo & Co. LLC (GMO)
McKinley Capital Management

**Fixed Income - Global**
Lazard Asset Management

**Cash & Short-term**
Contra Costa County Treasurer
State Street Corporation

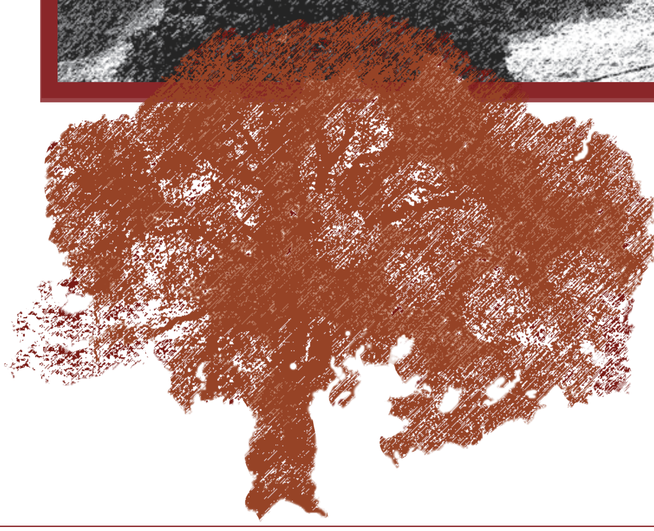
**Fixed Income - Domestic**
AFL-CIO Housing Investment Trust
Goldman Sachs
ING Clarion Investment Management
Lord Abbett
PIMCO

**Fixed Income - High Yield**
Nicholas-Applegate Capital Management

**Real Estate**
Adelante Capital Management
Blackrock Realty
DLJ Real Estate Capital Partners LP
Fidelity Management Trust Company
Hearthstone Advisors
Invesco Realty Advisors
Prudential Investment Management Service

**Securities Lending Program**
State Street Corporation

*Contra Costa County is . . .*



*. . . Open Space*

# Actuarial Section

# Actuary Certification Letter

SEGAL

THE SEGAL COMPANY
100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

June 3, 2010

Board of Retirement
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association**

Dear Members of the Board:

The Segal Company (Segal) prepared the December 31, 2008 actuarial valuation of the Contra Costa County Employees' Retirement Association (CCCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

Our calculations are based upon member data and financial information provided to us by the Association's staff. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are included in the Actuarial Section. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the semi-annual differences between the actual and expected market investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish contribution rates that fully fund the Association's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current (normal) cost plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). Actuarial gains and losses are incorporated into the UAAL and are amortized over the same period. Members also contribute to the Plan according to statutory requirements.

Board of Retirement
Contra Costa County Employees' Retirement Association
June 3, 2010
Page 2

The remaining balance of the December 31, 2007 UAAL is amortized over a decreasing period with 14 years remaining as of December 31, 2008. Changes to the UAAL that occur after December 31, 2007 are separately amortized over decreasing 18-year periods. The progress being made towards meeting the funding objective through December 31, 2008 is illustrated in the Actuarial Solvency Test that is included in the Actuarial Section.

For the Financial Section of the Comprehensive Annual Financial Report, Segal provided the trend data shown in the Required Supplementary Information. The schedules presented in the Actuarial Section have also been prepared and/or reviewed by our firm.

The valuation assumptions included in the Actuarial Section are those adopted by the Retirement Board considering recommendations made by us following the December 31, 2006 Experience Analysis. It is our opinion that the assumptions used in the December 31, 2008 valuation produce results which, in the aggregate, reasonably reflect the future experience of the Plan.

Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of December 31, 2009.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice-President & Actuary

John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

CZI/bqb

# Summary of Assumptions and Funding Methods

The following assumptions have been adopted by the Board for the fiscal year 2008-2009 and were used for the December 31, 2006 valuation. The rates produced by this valuation were implemented on July 1, 2008 and continued to be in effect through June 30, 2009.

**Assumptions**

| | |
|---|---|
| Valuation Interest Rate | 7.80% |
| Inflation Assumption | 3.75% |
| Real "Across the Board" Salary Increases | 0.50% |
| Merit Salary Increase Assumption | 2.41% |
| Projected Salary Increases | 6.66% |
| Cost of Living Adjustments | 2% for Safety Tier C<br>3% for Tiers 1,3 and Safety (Tier A)<br>4% (valued at 3.75%) for Tier 3 Disability and Tier 2 |
| Interest Rate Credited to Active Member Accounts | 7.80% |

The following assumptions have been adopted by the Board for the fiscal year 2009-2010 and were used for the December 31, 2007 valuation. The rates produced by this valuation were implemented on July 1, 2009 and will continue to be in effect through June 30, 2010.

**Assumptions**

| | |
|---|---|
| Valuation Interest Rate | 7.80% |
| Inflation Assumption | 3.75% |
| Real "Across the Board" Salary Increases | 0.50% |
| Merit Salary Increase Assumption | 2.41% |
| Projected Salary Increases | 6.66% |
| Cost of Living Adjustments | 2% for Safety (Tier C)<br>3% for Tiers 1,3 and Safety (Tier A)<br>4% (valued at 3.75%) for Tier 3 Disability and Tier 2 |
| Interest Rate Credited to Active Member Accounts | 7.80% |

**Post-Retirement Mortality**

| | | |
|---|---|---|
| **A.** | **Healthy:** | |
| | General Tier 1, Tier 2 and Tier 3 | RP-2000 Combined Healthy Mortality Table set back 2 years |
| | Safety Members | RP-2000 Combined Healthy Mortality Table set back 2 years |
| **B.** | **Disabled:** | |
| | General Tier 1, Tier 2 and Tier 3 | RP-2000 Combined Healthy Mortality Table set forward 6 years |
| | Safety Members | RP-2000 Combined Healthy Mortality Table |
| **C.** | **Beneficiaries:** | Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who has taken a service (non-disability) retirement |
| **D.** | **Employee Contribution Rate:** | RP-2000 Combined Healthy Mortality Table set back 2 years for General Members (weighed 30% male and 70% female)<br><br>RP-2000 Combined Healthy Mortality Table set back 2 years for Safety Members (weighed 85% male and 15% female) |

| | |
|---|---|
| **Pre-Retirement Mortality** | Based upon the Experience Analysis as of 12/31/06 |
| **Withdrawal Rates** | Based upon the Experience Analysis as of 12/31/06 |
| **Disability Rates** | Based upon the Experience Analysis as of 12/31/06 |
| **Service Retirement Rates** | Based upon the Experience Analysis as of 12/31/06 |
| **Salary Scales** | Total increases of 6.66% per year reflecting approximately 3.75% for inflation, .50% for additional real "across the board" salary increases and approximately 2.41% for merit and longevity |
| **Marriage Assumption At Retirement** | 80% for male members<br>55% for female members |
| **Value of Assets for Contribution Rate Purposes** | Actuarial Value as described in Actuarial Valuation Methods Section of Valuation Report |

**Funding Method and Amortization of Actuarial Gains or Losses**

Remaining balance of December 31, 2007, UAAL is amortized over a fixed (decreasing or closed) period with 14 years remaining as of December 31, 2008. Any changes in UAAL after December 31, 2007, will be separately amortized over a fixed 18-year period effective with that valuation.

# Probability of Occurrence

## Termination Rates (%) Before Retirement

### Mortality

| | General | | Safety | |
|---|---|---|---|---|
| Age | Male | Female | Male | Female |
| 25 | 0.04 | 0.02 | 0.04 | 0.02 |
| 30 | 0.04 | 0.02 | 0.04 | 0.02 |
| 35 | 0.06 | 0.04 | 0.06 | 0.04 |
| 40 | 0.10 | 0.06 | 0.10 | 0.06 |
| 45 | 0.13 | 0.09 | 0.13 | 0.09 |
| 50 | 0.19 | 0.14 | 0.19 | 0.14 |
| 55 | 0.29 | 0.22 | 0.29 | 0.22 |
| 60 | 0.53 | 0.39 | 0.53 | 0.39 |
| 65 | 1.00 | 0.76 | 1.00 | 0.76 |

### Withdrawal
(<5 years of Service)

| Service Years | General | Safety |
|---|---|---|
| 0 | 14.00 | 11.00 |
| 1 | 9.00 | 7.00 |
| 2 | 8.00 | 5.00 |
| 3 | 6.00 | 4.00 |
| 4 | 5.00 | 3.00 |

### Disability

| | General | | |
|---|---|---|---|
| Age | Tier 1 | Tier 2 & 3 | Safety |
| 20 | 0.03 | 0.00 | 0.06 |
| 25 | 0.08 | 0.02 | 0.22 |
| 30 | 0.22 | 0.04 | 0.39 |
| 35 | 0.36 | 0.06 | 0.63 |
| 40 | 0.46 | 0.09 | 0.90 |
| 45 | 0.56 | 0.16 | 1.30 |
| 50 | 0.69 | 0.26 | 2.40 |
| 55 | 0.84 | 0.36 | 3.30 |
| 60 | 0.96 | 0.46 | 0.00 |

### Withdrawal
(5+ years of Service)

| Age | General | Safety |
|---|---|---|
| 20 | 5.00 | 3.00 |
| 25 | 5.00 | 3.00 |
| 30 | 5.00 | 3.00 |
| 35 | 4.92 | 2.20 |
| 40 | 4.23 | 1.61 |
| 45 | 3.54 | 1.05 |
| 50 | 1.68 | 0.00 |
| 55 | 0.37 | 0.00 |
| 60 | 0.00 | 0.00 |

## Retirement Rates (%)

### Non-Enhanced Benefits

| Age | Tier 1 | Safety |
|---|---|---|
| 50 | 3.00 | 1.00 |
| 55 | 10.00 | 2.00 |
| 60 | 25.00 | 17.00 |
| 65 | 40.00 | 100.00 |
| 70 | 100.00 | 100.00 |

### Enhanced Benefits

| Age | Tier 1 | Tier 3 | Safety A | Safety C |
|---|---|---|---|---|
| 50 | 3.00 | 3.00 | 25.00 | 15.00 |
| 55 | 20.00 | 10.00 | 30.00 | 20.00 |
| 60 | 25.00 | 15.00 | 100.00 | 100.00 |
| 65 | 35.00 | 35.00 | 100.00 | 100.00 |
| 70 | 100.00 | 100.00 | 100.00 | 100.00 |

# Summary of December 31, 2008 Valuation Results

**Employer Contribution Rates** (County and District combined):

| | December 31, 2008 Total Rate | December 31, 2008 Estimated Annual Amount* | December 31, 2007 Total Rate | December 31, 2007 Estimated Annual Amount** |
|---|---|---|---|---|
| General Tier 1 Non-enhanced | 34.35% | $ 239,439 | 32.38% | $ 1,888,819 |
| General Tier 1 Enhanced | 29.24% | 23,849,263 | 27.41% | 21,054,162 |
| General Tier 3 Enhanced | 24.09% | 111,340,946 | 23.03% | 100,480,952 |
| Safety Tier A Non-enhanced | 37.41% | 847,293 | 34.38% | 731,240 |
| Safety Tier A Enhanced | 42.87% | 65,539,429 | 40.96% | 60,873,463 |
| Safety Tier C Enhanced | 40.85% | 2,197,280 | 38.89% | 777,493 |
| **All Employers Combined** | **28.94%** | **$204,013,650** | **27.67%** | **$ 185,806,129** |

**Average Member Contribution Rates:**

| | December 31, 2008 Total Rate | December 31, 2008 Estimated Annual Amount* | December 31, 2007 Total Rate | December 31, 2007 Estimated Annual Amount** |
|---|---|---|---|---|
| General Tier 1 Non-enhanced | 7.59% | $ 52,907 | 7.25% | $ 422,913 |
| General Tier 1 Enhanced | 6.48% | 5,285,523 | 6.41% | 4,924,155 |
| General Tier 3 Enhanced | 6.23% | 28,791,689 | 6.25% | 27,263,808 |
| Safety Tier A Non-enhanced | 12.92% | 292,623 | 12.76% | 271,397 |
| Safety Tier A Enhanced | 12.50% | 19,111,778 | 12.49% | 18,562,348 |
| Safety Tier C Enhanced | 7.65% | 411,486 | 7.68% | 153,539 |
| **All Categories Combined** | **7.65%** | **$ 53,946,006** | **7.68%** | **$ 51,598,160** |

**Key Actuarial Assumptions**

| | December 31, 2008 | December 31, 2007 |
|---|---|---|
| Annual Interest Rate: | 7.80% | 7.80% |
| Annual Inflation Rate: | 3.75% | 3.75% |
| Average Annual Salary Increase: | 6.66% | 6.66% |

* Based on December 31, 2008 projected annual payroll.

** Based on December 31, 2006 projected annual payroll.

# Summary of Significant Results

| Association Membership | December 31, 2008 | December 31, 2007 | Increase/ (Decrease) |
|---|---|---|---|
| *Active Members* | | | |
| 1. Number of Members | 9,385 | 9,421 | -0.4% |
| 2. Average Age | 45.9 | 45.6 | 0.7% |
| 3. Average Service | 10.5 | 10.2 | 2.9% |
| 4. Total Active Payroll | $ 704,947,668 | $ 671,617,932 | 5.0% |
| 5. Average Monthly Salary | $ 6,426 | $ 5,941 | 8.2% |
| *Retired Members* | | | |
| 1. Number of Members: | | | |
| Service Retirement | 4,980 | 4,873 | 2.2% |
| Disability Retirement | 992 | 923 | -0.1% |
| Beneficiaries | 1,110 | 1,115 | -0.4% |
| 2. Average Age | 69.2 | 69.0 | 0.3% |
| 3. Actual Retired Payroll | $ 250,444,562 | $ 235,656,024 | 6.3% |
| 4. Average Monthly Pension | $ 3,075 | $ 2,943 | 4.5% |
| *Inactive Vested Members* | | | |
| 1. Number of Members* | 2,153 | 2,008 | 7.2% |
| 2. Average Age | 45.6 | 45.4 | 0.4% |
| **Asset Values (Net)** | | | |
| *Market Value* | $ 3,749,698,812 | $ 5,199,116,582 | -27.9% |
| *Return on Market Value* | -28.35% | 6.03% | |
| *Actuarial Value* | $ 5,295,960,900 | $ 5,029,275,788 | 5.3% |
| *Return on Actuarial Value* | 4.73% | 11.63% | |
| *Valuation Assets* | $ 5,282,505,159 | $ 5,016,136,535 | 5.3% |
| *Return on Valuation Assets* | 4.72% | 11.64% | |
| **Liability Values** | | | |
| Actuarial Accrued Liability | $ 5,972,471,074 | $ 5,581,048,225 | 7.0% |
| Unfunded Actuarial Accrued Liability (UAAL) | $ 689,965,915 | $ 564,911,690 | 22.1% |
| **Funding Ratio** | | | |
| GASB No. 25 | 88.5% | 89.9% | -1.4% |

*Only includes members who are not active in any other tier.

# Schedule of Active Member Valuation Data

| Valuation Date | Plan Type | Number | Annual Salary | Average Annual Salary | % Increase in Average Salary |
|---|---|---|---|---|---|
| 12/31/03 | General | 7,778 | $462,351,361 | $59,443 | 3.90% |
| | Safety | 1,698 | 137,922,547 | 81,226 | 8.90% |
| | **Total** | **9,476** | **$600,273,908** | **$63,347** | **4.89%** |
| 12/31/04 | General | 7,675 | $472,100,272 | $61,511 | 3.48% |
| | Safety | 1,683 | 147,031,946 | 87,363 | 7.55% |
| | **Total** | **9,358** | **$619,132,218** | **$66,161** | **4.44%** |
| 12/31/05 | General | 7,594 | $480,015,003 | $63,210 | 2.76% |
| | Safety | 1,611 | 147,531,405 | 91,578 | 4.82% |
| | **Total** | **9,205** | **$627,546,408** | **$68,175** | **3.04%** |
| 12/31/06 | General | 7,602 | $505,165,640 | $66,452 | 5.13% |
| | Safety | 1,608 | 148,787,523 | 92,530 | 1.04% |
| | **Total** | **9,210** | **$653,953,163** | **$71,005** | **4.15%** |
| 12/31/07 | General | 7,806 | $518,874,107 | $66,471 | 0.03% |
| | Safety | 1,615 | 152,743,825 | 94,578 | 2.21% |
| | **Total** | **9,421** | **$671,617,932** | **$71,289** | **0.40%** |
| 12/31/08 | General | 7,781 | $544,409,663 | $69,967 | 5.26% |
| | Safety | 1,604 | 160,538,005 | 100,086 | 5.82% |
| | **Total** | **9,385** | **$704,947,668** | **$75,114** | **5.37%** |

# Retirants and Beneficiaries Added To and Removed From Retiree Payroll

| Year | At Beginning of Year | Added During Year | Allowances Added | Removed During Year | Allowances Removed | At End of Year | Retiree Payroll | % Increase in Retiree Payroll | Average Annual Allowance |
|---|---|---|---|---|---|---|---|---|---|
| 2003 | 5,619 | 541 | $28,635,293 | (224) | ($4,809,000) | 5,936 | $163,923,104 | 17.01% | 27,615 |
| 2004 | 5,936 | 316 | 18,212,193 | (134) | (3,156,000) | 6,118 | 178,979,297 | 9.18% | 29,255 |
| 2005 | 6,118 | 494 | 22,298,799 | (175) | (5,171,802) | 6,437 | 196,106,294 | 9.57% | 30,465 |
| 2006 | 6,437 | 357 | 23,469,814 | (148) | (3,518,632) | 6,646 | 216,057,476 | 10.17% | 32,509 |
| 2007 | 6,646 | 492 | 24,184,795 | (227) | (4,586,247) | 6,911 | 235,656,024 | 9.07% | 34,099 |
| 2008 | 6,911 | 317 | $20,853,808 | (216) | ($6,065,270) | 7,012 | $250,444,562 | 6.28% | 35,717 |

# Solvency Test

(Dollar Amounts in Thousands)

| Valuation Date | Aggregate Accrued Liabilities (AAL) for: | | | Reported Assets | Portion of Accrued Liabilities Covered by Reported Assets | | |
|---|---|---|---|---|---|---|---|
| | 1 Active Member Contributions | 2 Retirants and Beneficiaries | 3 Active Members Employer Portion | | 1 | 2 | 3 |
| 12/31/03 | $ 273,175 | $ 2,072,929 | $ 1,795,286 | $ 3,538,722 | 100% | 100% | 66% |
| 12/31/04 | 351,578 | 2,212,082 | 1,947,583 | 3,673,858 | 100% | 100% | 59% |
| 12/31/05 | 354,585 | 2,468,601 | 1,969,242 | 4,062,057 | 100% | 100% | 63% |
| 12/31/06 | 399,864 | 2,820,634 | 2,073,479 | 4,460,871 | 100% | 100% | 60% |
| 12/31/07 | 446,284 | 3,070,770 | 2,063,994 | 5,016,137 | 100% | 100% | 73% |
| 12/31/08 | $ 554,267 | $ 3,239,593 | $ 2,178,611 | $ 5,282,505 | 100% | 100% | 68% |

# Actuarial Analysis of Financial Experience

For Years Ended December 31

(Dollar Amounts In Thousands)

| Type of Activity | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| Composite Gain (or Loss) During Year | ($125,054) | $268,194 | ($102,735) | $77,014 | ($204,717) | ($221,780) |

# Summary of Major Pension Plan Provisions

**Major Provisions of the Present System**
**Benefit Sections 31676.11, 31676.16, 31751, 31664 and 31664.1 of the 1937 County Act**

Briefy summarized below are the major provisions of the County Employees Retirement Law of 1937, as amended through December 31, 2008, and as adopted by Contra Costa County and special district employers.

## A. GENERAL MEMBERS -

Tier 1 and Tier 3 Plans (Non-Enhanced Section 31676.11 or Enhanced Section 31676.16)

### Coverage

Tier 1:

a. All General Members hired before July 1, 1980, and electing not to transfer to Tier 2 Plan.
b. Participating agencies who have elected Tier 1.

Tier 3:
All county general members (except CNA employees) hired on or after October 1, 2002, are placed in Tier 3. All CNA employees hired on or after January 1, 2005, are placed in Tier 3. All Contra Costa Mosquito and Vector Control District employees hired on or after February 1, 2006 are placed in Tier 3.

All Tier 2 members for each of the agencies listed above were placed in Tier 3 as of the above respective dates.

### Final Average Salary (FAS)

a. One-year final average salary

### Service Retirement

a. Requirement

Age 50 and 10 years of service, age 70 regardless of service, or 30 years of service regardless of age.

Tier 2 Plan (Section 31751)

### Coverage

Tier 2:

a. All General members hired on or after July 1, 1980, and all General members hired before August 1, 1980, electing to transfer to the Tier 2 Plan. Effective October 1, 2002, Tier 2 was eliminated for all county employees (except CNA employees); employees were placed in Tier 3.
CNA employees in Tier 2 were placed in Tier 3 as of January 1, 2005.

One special district's Tier 2 employees were placed in Tier 3 effective February 1, 2006.

### Final Average Salary (FAS)

a. Three-year final average salary

### Service Retirement

a. Requirement

Age 50 and 10 years of service, age 70 regardless of service, or 30 years of service regardless of age.

b. Non-Enhanced Benefit (Section 31676.11)
Retirement (Tier 1 and Tier 3 plans)

| Age | Benefit Formula |
|---|---|
| 50: | (1.24%xFAS-1/3x1.24%x$350)x Yrs |
| 55: | (1.67%xFAS-1/3x1.67%x$350)x Yrs |
| 60: | (2.18%xFAS-1/3x2.18%x$350)x Yrs |
| 62: | (2.35%xFAS-1/3x2.35%x$350)x Yrs |
| 65: | (2.61%xFAS-1/3x2.61%x$350)x Yrs |

b. Benefit
Retirement (Tier 2 plan)

| Age | Benefit Formula |
|---|---|
| 50: | (0.83%xFASxYrs-0.57%xYrs*xPIA) |
| 55: | (1.13%xFASxYrs -0.87%xYrs*xPIA) |
| 60: | (1.43%xFASxYrs-1.37%xYrs*xPIA) |
| 62: | (1.55%xFASxYrs-1.67%xYrs*xPIA) |
| 65: | (1.73%xFASxYrs-1.67%xYrs*xPIA) |

Maximum Benefit 100% of FAS.

*Not greater than 30 years, where PIA is the Social Security Primary Insurance Amount.

c. Tier 1 and 3 Plan Enhanced Benefits (Section 31676.16)

Retirement

| Age | Benefit Formula |
|---|---|
| 50: | (1.43%xFAS-1/3x1.43%x $350x12)xYrs |
| 55: | (2.00%xFAS-1/3x2.00%x $350x12)xYrs |
| 60: | (2.26%xFAS-1/3x2.26%x $350x12)xYrs |
| 62: | (2.37%xFAS-1/3x2.37%x $350x12)xYrs |
| 65: | (2.42%xFAS-1/3x2.42%x $350x12)xYrs** |

Maximum Benefit - 100% of FAS

**Current Tier 1 and 3 members retiring at age 62½ or older will receive the higher benefits formula under 31676.11. Employees with membership dates on or after the benefit enhancement effective date will retire with benefits computed under 31676.16.

**Disability Retirement**

Tier 1:

a. Requirements
   (1) Service-connected: None
   (2) Nonservice-connected: five years of service

b. Benefit
   (1) Service-connected: 50% FAS or Service Retirement benefit, if greater.
   (2) Nonservice-connected: 1.5% x FAS x years of service. Future service years projected to age 65. Generally leads to1/3 FAS benefit.

Tier 2 and Tier 3:

a. Requirements
   (1) Service-connected: None
   (2) Nonservice-connected: ten years of service
   (3) Definition of disability is more strict than in Tier 1 Plan.

b. Benefit
   (1) Service-connected or nonservice-connected is 40% FAS plus 10% FAS for each minor child (maximum of three).
   (2) Disability benefits are offset by other plans of the County except Workers Compensation and Social Security.

**Death Before Retirement**

Tier 1 and 3

a. Prior to disability retirement eligibility (less than five years):
   (1) One month's salary for each year of service
   (2) Return of contributions

b. While eligible to retire (after five years) 60% of Service or Disability Retirement Benefit. Generally the benefit is 20% of FAS.

c. Line of Duty Death - 1/2 FAS

Tier 2

a. Prior to eligibility to retire (less than ten years):
   (1) $2,000 lump sum benefit offset by any Social Security payment
   (2) Return of contributions

b. While eligible to retire (ten years or service-connected death) 60% of Service or Disability Retirement Benefit (minimum benefit is 24% of FAS) plus, for each minor child, 20% of the allowance otherwise paid to the member. Minimum family benefit is 60% of the member's allowance. Maximum family benefit is 100% of member's allowance.

**Death After Retirement**

Tier 1 and 3 Plans Non-enhanced (Section 31676.11) and Enhanced (Sec. 31676.16)

a. After Service Retirement or Nonservice-Connected Disability- 60% of the allowance continued to the spouse or to minor children.

b. After Service-Connected Disability- 100% of the allowance continued to the spouse or minor children.

c. Lump sum payment of $5,000.

Tier 2 Plan (Section 31751)

a. After Service or Disability Retirement 60% of allowance continued to spouse plus 20% of allowance to each minor child. Minimum benefit is 60% of allowance. Maximum benefit is 100% of allowance.

b. Lump sum payment of $7,000 less any Social Security lump sum payment.

**Withdrawal Benefits**

Tier 1 and Tier 3

a. If less than five years of service, return of contributions, but can leave funds to earn interest, or earned benefit at age 70.

b. If greater than five years of service, right to have vested deferred retirement benefit commencing at any time after eligible to retire.

Tier 2

a. If less than five years of service, return of contributions, but can leave funds to earn interest, or earned benefit at age 70.

b. If greater than five years of service, right to have vested deferred retirement benefit commencing at any time after eligible to retire.

**Cost of Living Benefit**

3% maximum change per year except for Tier 3 disability benefits which can increase 4% per year.

4% maximum change per year.

**Employee's Contribution Rates**

Non-enhanced 31676.11

a. Basic: to provide for 1/2 of the Section 31676.11 benefit at age 55.

b. COL: to pay for 1/2 of future COL costs.

a. 40% of the full Section 31676.11 employee contribution rate.

b. COL: to pay for 1/2 of future COL costs.

Enhanced 31676.16

a. Basic: to provide for an average annuity at age 60 equal to 1/120 of FAS.

**Employer Contribution Rates**

Enough to make up for the balance of the basic and COL contributions needed.

Enough to make up the balance of the basic and COL contributions needed.

Transfers from the Tier 1 Plan to the Tier 2 Plan were made on an individual, voluntary, irrevocable basis. Credit was given under the Tier 2 Plan for future service only. The COL maximum is 4% only for the credit under the Tier 2 Plan. Transferred Tier 2 Plan members keep the five year requirement for nonservice-connected disability. Those who were members before April 1, 1973 will be exempt from paying member contributions after 30 years of service.

## B. SAFETY MEMBERS (31664 and 31664.1)

### Coverage
a. All Safety members not in Tier C
b. All County Sheriff's Department Safety members hired on or after January 1, 2007, will be placed in Safety Tier C Enhanced

### Final Average Salary (FAS)
a. One-year final average salary
b. Three-year FAS for Safety Tier C

### Service Retirement
a. Requirement

Age 50 and 10 years of service, or with 20 years of service regardless of age.

b. Non-enhanced Benefit at Retirement (Section 31664)-(Rodeo-Hercules Fire Protection District)

| Age | Benefit Formula |
|---|---|
| 50 | 2.00% x FAS x Yrs |
| 55 | 2.62% x FAS x Yrs |
| 60 | 2.62% x FAS x Yrs |

Maximum Benefit: 100% of FAS

c. Enhanced Benefit at Retirement (Section 31664.1)-(All others)

| Age | Benefit Formula |
|---|---|
| 50 | 3.00% x FAS x Yrs |
| 55 | 3.00% x FAS x Yrs |
| 60 | 3.00% x FAS x Yrs |

Maximum Benefit: 100% of FAS

### Disability Retirement
a. Requirements
   (1) Service-connected: None
   (2) Nonservice-connected: five years of service
b. Benefit
   (1) Service-connected: 50% FAS or Service Retirement benefit if greater.
   (2) Nonservice-connected: 1.8% x FAS x Yrs of service. Future service years projected to age 55. Generally leads to 1/3 FAS benefit.

### Death Before Retirement
a. Prior to retirement eligibility (less than 5 years)
   (1) One month's salary for each year of service
   (2) Return of contributions
b. While eligible to retire (after five years)

   60% of Service or Disability Retirement Benefit. Generally the benefit is 20% of FAS.
c. Line of Duty death - 50% of FAS

**Death After Retirement**

a. After Service Retirement or Nonservice-Connected Disability-
60% of the allowance continued to the spouse or to minor children

b. After Service-Connected Disability -
100% of the allowance continued to the spouse or to minor children

c. Lump sum payment of $5,000

**Withdrawal Benefits**

a. If less than five years of service, return of contributions, but can leave funds to earn interest or earned benefit at age 70

b. If greater than five years of service, right to have vested deferred retirement benefit commencing at any time after eligible to retire

**Cost of Living Benefit**

a. 3% maximum change per year for Safety members not in Tier C

b. 2% maximum change per year for Safety Tier C

**Employees' Non-enhanced (Section 31664) Contribution Rates**

a. Basic - to provide for 1/2 of the Section 31664 benefits at age 50

b. COL - to pay for 1/2 of future COL costs

**Employees' Enhanced (Section 31664.1) Contribution Rates**

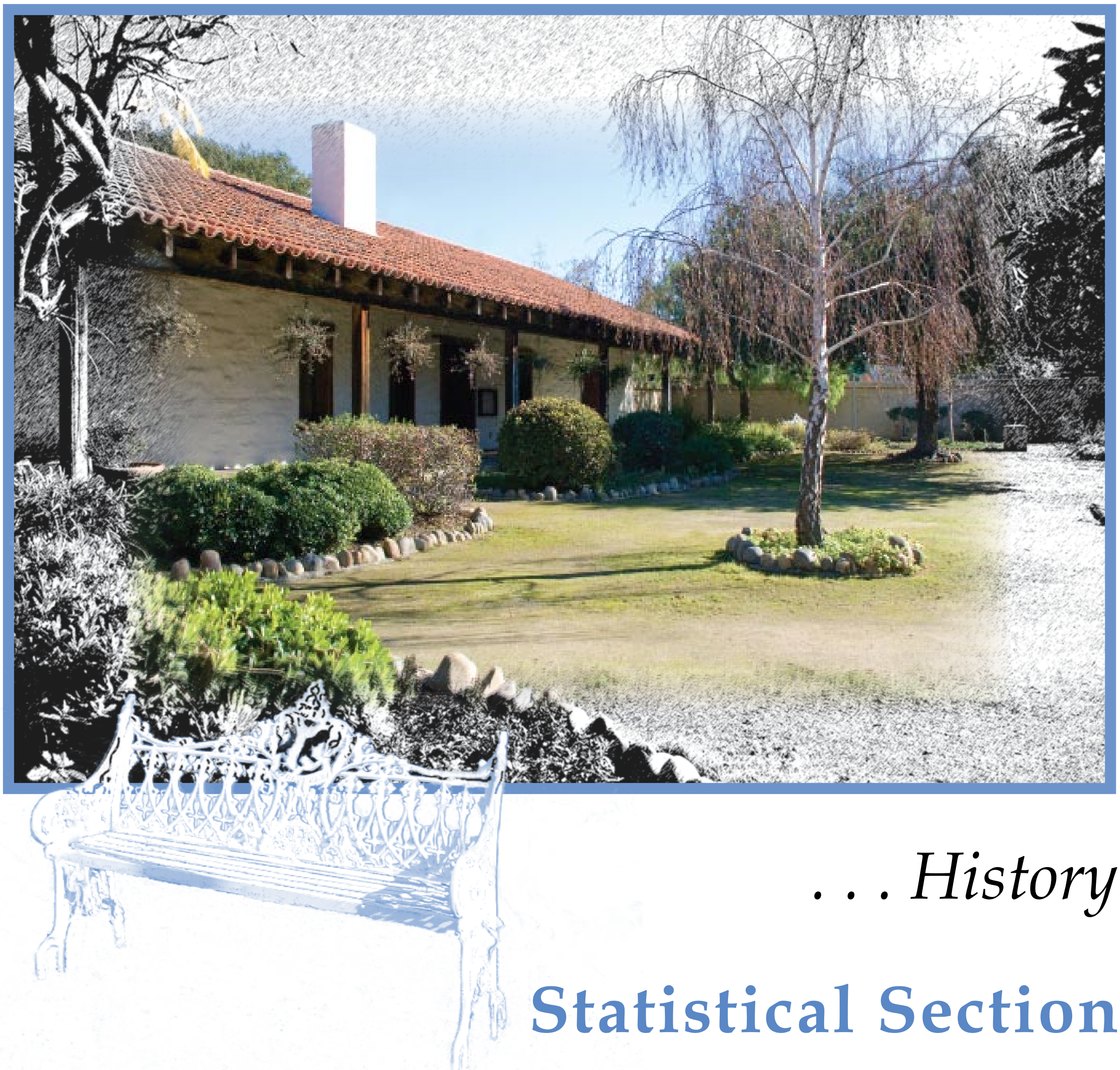
a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FAS

b. COL - to provide for 1/2 of future COL costs

**Employer Contribution Rate**

Enough to make up the balance and COL costs

Contra Costa County is . . .



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# Statistical Section

# Summary of Statistical Data

The objective of the Statistical Section is to provide users with additional detailed information in order to promote a more comprehensive understanding of CCCERA's financial statements, note disclosures and supplemental information. In addition, the multi-year trend information for the financial and operating segments of CCCERA provided in this section is intended to facilitate understanding of how the financial activities and positions have changed over time. The information is presented in two major categories: Financial Trends Information and Operating Information.

Financial Trends Information is intended to assist readers in understanding how CCCERA's financial activities and positions have changed over time. The Changes in Plan Net Assets for Years 2000 - 2009 presents additions by source, deductions by type, and the total change in net assets for each year. The Schedule of Benefit Expenses by Type for the Last Ten Years presents benefit deductions by type of benefit, such as by Service Retirement and Disability Retirement as well as by General and Safety benefits.

Operating Information is intended to provide contextual information about CCCERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate CCCERA's fiscal condition. This section includes the Schedule of Retired Members by Type of Benefit, which presents information for the current year. The Schedule of Average Benefit Payment Amounts for the Last Ten Years shows the average monthly benefit, and number of retirees and beneficiaries, organized by five-year increments. Participating Employers and Active Members for Years 2000 - 2009 presents the employers and number of their corresponding covered employees.

# Changes in Plan Net Assets For Years 2000 - 2009

| **Additions** | **2009** | **2008** | **2007** | **2006** | **2005** |
|---|---|---|---|---|---|
| Employer Pension Obligation Bond Proceeds | $ - | $ - | $ - | $ 11,693,396 | $ 153,134,911 |
| Employer Contributions | 195,613,673 | 206,518,693 | 196,929,570 | 179,755,315 | 147,165,108 |
| Employee Contributions | 66,536,161 | 76,452,406 | 75,590,807 | 73,468,648 | 73,474,816 |
| Net Investment Income | 748,860,670 | (1,467,872,206) | 306,459,115 | 614,912,800 | 341,877,365 |
| Security Lending Income | 2,436,242 | 3,391,760 | 1,208,556 | 657,577 | 505,829 |
| **Total Additions** | **$1,013,446,746** | **$(1,181,509,347)** | **$ 580,188,048** | **$ 80,487,736** | **$ 716,158,029** |
| | | | | | |
| **Deductions** | | | | | |
| Pension Benefits* | $ 266,866,460 | $ 250,444,562 | $ 235,656,024 | $ 216,057,476 | $ 196,106,294 |
| Refunds | 4,628,272 | 3,730,320 | 3,113,234 | 3,231,903 | 2,074,426 |
| Administrative Expense | 7,358,750 | 5,601,126 | 5,941,814 | 4,859,287 | 4,896,325 |
| Other Expenses | 7,562,546 | 8,132,415 | 7,370,025 | 7,051,691 | 6,440,182 |
| Membership Withdrawal | - | - | - | - | 3,534,446 |
| **Total Deductions** | **$ 286,416,028** | **$ 267,908,423** | **$ 252,081,097** | **$ 231,200,357** | **$ 213,051,673** |
| | | | | | |
| **Change in Plan Net Assets** | **$727,030,718** | **$(1,449,417,770)** | **$ 328,106,951** | **$ 649,287,379** | **$ 503,106,356** |

| **Additions** | **2004** | **2003** | **2002** | **2001** | **2000** |
|---|---|---|---|---|---|
| Employer Pension Obligation Bond Proceeds | $ - | $ 319,094,719 | $ - | $ - | $ - |
| Employer Contributions | 118,245,418 | 108,728,047 | 57,474,043 | 55,182,505 | 52,986,645 |
| Employee Contributions | 65,297,397 | 51,602,939 | 26,605,875 | 18,681,239 | 15,463,367 |
| Net Investment Income | 415,668,827 | 608,336,466 | (268,163,039) | (114,846,451) | 30,297,678 |
| Security Lending Income | 344,167 | 238,147 | 182,490 | 314,604 | 111,709 |
| **Total Additions** | **$ 599,555,809** | **$ 1,088,000,318** | **$ (183,900,631)** | **$(40,668,103)** | **$ 98,859,399** |
| | | | | | |
| **Deductions** | | | | | |
| Pension Benefits* | $ 178,979,297 | $ 163,923,104 | $ 140,096,811 | $ 126,190,164 | $ 113,149,480 |
| Refunds | 909,468 | 1,036,599 | 643,103 | 858,013 | 1,060,249 |
| Retiree Healthcare Benefit Reimbursement** | - | - | 4,637,588 | 12,342,644 | 12,408,770 |
| Administrative Expense | 4,089,459 | 4,292,028 | 4,268,952 | 3,745,158 | 3,128,624 |
| Other Expenses | 5,776,115 | 5,021,267 | 2,541,293 | 3,527,656 | 3,904,263 |
| Membership Withdrawal | 4,680,521 | - | - | 10,791,085 | - |
| **Total Deductions** | **$ 194,434,860** | **$ 174,272,998** | **$ 152,187,747** | **$ 157,454,720** | **$ 133,651,386** |
| | | | | | |
| Final Paulson Cost Reimbursement | | **$ 34,230,204** | - | - | - |
| | | | | | |
| **Change in Plan Net Assets** | **$ 405,120,949** | **$ 947,957,524** | **$ (336,088,378)** | **$(198,122,823)** | **$ (34,791,987)** |

* The benefit amounts do not reflect the benefit payments made as a result of the Paulson settlement previously reported in the 2000, 2001 & 2002 CAFR. The total of the prior period adjustments recorded over the three-year period was $50,518,255 and resulted from the recalculation and payment of the "Paulson Benefit" (see footnote 12). Payments are attributed to periods back to 1994.

**Direct reimbursements were made for 1/2 year only in 2002 per Retirement Board direction.

# Schedule of Benefit Expenses by Type

## Annual Benefit Amounts as of December 31 of Each Year

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Service Retirement** | | | | | | | | | | |
| **Payroll:** | | | | | | | | | | |
| General | $ 121,929,281 | $ 113,954,760 | $104,163,987 | $ 94,017,872 | $ 83,342,598 | $ 83,082,384 | $ 75,541,280 | $ 69,426,588 | $ 57,580,704 | $ 53,205,888 |
| Safety | 66,952,733 | 62,705,560 | 56,215,280 | 49,532,401 | 44,667,705 | 42,524,880 | 32,150,949 | 25,534,956 | 22,648,836 | 19,218,240 |
| Total | 188,882,014 | 176,660,320 | 160,379,267 | 143,550,273 | 128,010,303 | 125,607,264 | 107,692,229 | 94,961,544 | 80,229,540 | 72,424,128 |
| **Disability Retirement** | | | | | | | | | | |
| **Payroll:** | | | | | | | | | | |
| General | 12,071,397 | 11,898,763 | 11,909,848 | 11,608,329 | 11,854,576 | 11,718,156 | 10,628,529 | 9,561,036 | 8,052,996 | 7,478,112 |
| Safety | 24,844,482 | 23,529,251 | 21,282,969 | 19,867,011 | 18,737,169 | 17,850,060 | 13,852,780 | 12,770,940 | 10,830,432 | 9,925,116 |
| Total | 36,915,879 | 35,428,014 | 33,192,817 | 31,475,340 | 30,591,745 | 29,568,216 | 24,481,309 | 22,331,976 | 18,883,428 | 17,403,228 |
| **Beneficiary** | | | | | | | | | | |
| **Payroll:** | | | | | | | | | | |
| General | 16,030,352 | 15,312,056 | 14,449,348 | 13,850,208 | 13,400,362 | 12,794,592 | 10,603,910 | 9,825,504 | 7,600,296 | 7,078,608 |
| Safety | 8,616,317 | 8,255,634 | 8,036,044 | 7,230,473 | 6,976,887 | 6,586,944 | 5,148,537 | 4,982,532 | 3,635,004 | 3,151,620 |
| Total | 24,646,669 | 23,567,690 | 22,485,392 | 21,080,681 | 20,377,249 | 19,381,536 | 15,752,447 | 14,808,036 | 11,235,300 | 10,230,228 |
| **Total Benefit** | | | | | | | | | | |
| **Expense:** | | | | | | | | | | |
| General | 150,031,030 | 141,165,579 | 130,523,183 | 119,476,409 | 108,597,536 | 107,595,132 | 96,773,719 | 88,813,128 | 73,233,996 | 67,762,608 |
| Safety | 100,413,532 | 94,490,445 | 85,534,293 | 76,629,885 | 70,381,761 | 66,961,884 | 51,152,266 | 43,288,428 | 37,114,272 | 32,294,976 |
| Total | $ **250,444,562** | **$ 235,656,024** | **$216,057,476** | **$196,106,294** | **$178,979,297** | **$174,557,016** | **$147,925,985** | **$132,101,556** | **$110,348,268** | **$100,057,584** |

# Schedule of Retired Members by Type of Benefit

## Summary of Monthly Allowances Being Paid as of December 31, 2008

| Amount of Monthly Benefit General Members | Number of Retirees & Beneficiaries | Service | Disability | Beneficiary |
|---|---|---|---|---|
| $0 to $749 | 1127 | 869 | 6 | 252 |
| $750 to 1,499 | 1240 | 906 | 78 | 256 |
| $1,500 to 2,249 | 975 | 615 | 207 | 153 |
| $2,250 to 2,999 | 672 | 466 | 116 | 90 |
| $3,000 to 3,749 | 433 | 353 | 36 | 44 |
| $3,750 to 4,499 | 264 | 228 | 11 | 25 |
| $4,500 to 5,249 | 184 | 162 | 6 | 16 |
| $5,250 & Over | 506 | 483 | 6 | 17 |
| **Totals** | **5401** | **4082** | **466** | **853** |

| Safety Members | Number of Retirees & Beneficiaries | Service | Disability | Beneficiary |
|---|---|---|---|---|
| $0 to $749 | 56 | 30 | 3 | 23 |
| $750 to 1,499 | 79 | 29 | 3 | 47 |
| $1,500 to 2,249 | 106 | 44 | 26 | 36 |
| $2,250 to 2,999 | 173 | 42 | 78 | 53 |
| $3,000 to 3,749 | 251 | 78 | 134 | 39 |
| $3,750 to 4,499 | 158 | 76 | 58 | 24 |
| $4,500 to 5,249 | 123 | 83 | 27 | 13 |
| $5,250 & Over | 665 | 516 | 127 | 22 |
| **Totals** | **1611** | **898** | **456** | **257** |

# Schedule of Average Benefit Payment Amounts

### Estimates Based on Years of Credited Service

**Years of Credited Service**

| Retirement Effective Date | 0 - 5 | 5 - 10 | 10 - 15 | 15 - 20 | 20 - 25 | 25 - 30 | 30+ | Totals |
|---|---|---|---|---|---|---|---|---|
| **1/1/2008 - 12/31/2008** | | | | | | | | |
| Average monthly benefit | $1499 | $1454 | $2108 | $3334 | $4426 | $5971 | $7145 | $3738 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 15 | 45 | 38 | 51 | 43 | 42 | 28 | 262 |
| **1/1/2007 - 12/31/2007** | | | | | | | | |
| Average monthly benefit | $ 862 | $1044 | $1685 | $2350 | $3044 | $6010 | $7608 | $3287 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 21 | 65 | 71 | 79 | 64 | 66 | 51 | 417 |
| **1/1/2006 - 12/31/2006** | | | | | | | | |
| Average monthly benefit | $ 624 | $1066 | $1170 | $2365 | $3981 | $5511 | $6864 | $3684 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 16 | 24 | 50 | 53 | 44 | 48 | 65 | 300 |
| **1/1/2005 - 12/31/2005** | | | | | | | | |
| Average monthly benefit | $ 722 | $1143 | $1394 | $2095 | $3611 | $5910 | $5834 | $3418 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 23 | 38 | 82 | 83 | 59 | 62 | 107 | 454 |
| **1/1/2004 - 12/31/2004** | | | | | | | | |
| Average monthly benefit | $ 738 | $1089 | $1302 | $2406 | $3065 | $5486 | $6105 | $3431 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 12 | 27 | 40 | 39 | 38 | 40 | 57 | 253 |
| **1/1/2003 - 12/31/2003** | | | | | | | | |
| Average monthly benefit | $ 638 | $1306 | $1468 | $1978 | $3538 | $5110 | $6232 | $3639 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 21 | 41 | 76 | 53 | 52 | 86 | 112 | 441 |
| **1/1/2002 - 12/31/2002** | | | | | | | | |
| Average monthly benefit | $ 1215 | $ 780 | $1066 | $1932 | $2792 | $4561 | $6696 | $3610 |
| Average Final Average Salary* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Number of retired members | 10 | 23 | 39 | 41 | 36 | 45 | 79 | 273 |

*Average Final Average Salary is not available on a historical basis due to system constraints. It will be presented starting with the data for 2009 and subsequent years.

# Schedule of Average Benefit Payment Amounts

## Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

**Years Since Retirement**

| **Tier 1** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40+** |
|---|---|---|---|---|---|---|---|---|---|
| **2008** Average Monthly Benefit | $4135 | $3506 | $2897 | $2490 | $2057 | $1773 | $1830 | $1388 | $1509 |
| Number Retirees & Beneficiaries | 546 | 632 | 560 | 578 | 564 | 478 | 264 | 79 | 23 |
| **2007** Average Monthly Benefit | $3905 | $3326 | $2611 | $2314 | $1874 | $1836 | $1670 | $1295 | $1324 |
| Number Retirees & Beneficiaries | 632 | 631 | 537 | 607 | 578 | 478 | 241 | 59 | 18 |
| **2006** Average Monthly Benefit | $3856 | $3139 | $2575 | $2164 | $1783 | $1660 | $1604 | $1138 | $1376 |
| Number Retirees & Beneficiaries | 617 | 649 | 584 | 584 | 607 | 480 | 223 | 54 | 14 |
| **2005** Average Monthly Benefit | $3679 | $2903 | $2453 | $2077 | $1643 | $1641 | $1496 | $1209 | $1550 |
| Number Retirees & Beneficiaries | 659 | 619 | 587 | 594 | 628 | 467 | 194 | 48 | 19 |
| **2004** Average Monthly Benefit | $3399 | $2698 | $2304 | $1831 | $1563 | $1585 | $1360 | $1092 | $ 875 |
| Number Retirees & Beneficiaries | 639 | 609 | 604 | 638 | 621 | 450 | 182 | 45 | 10 |
| **2003** Average Monthly Benefit | $3245 | $2553 | $2224 | $1764 | $1548 | $1561 | $1299 | $1152 | $ 865 |
| Number Retirees & Beneficiaries | 675 | 583 | 629 | 669 | 620 | 390 | 154 | 35 | 11 |
| **2002** Average Monthly Benefit | $2885 | $2381 | $2064 | $1603 | $1497 | $1319 | $1110 | $ 921 | $ 560 |
| Number Retirees & Beneficiaries | 546 | 567 | 671 | 703 | 632 | 388 | 154 | 42 | 10 |
| **2001** Average Monthly Benefit | $2271 | $1956 | $1781 | $1459 | $1164 | $1106 | $ 810 | $ 823 | $ 566 |
| Number Retirees & Beneficiaries | 895 | 817 | 699 | 675 | 533 | 269 | 80 | 15 | 9 |
| **2000** Average Monthly Benefit | $2076 | $1727 | $1530 | $1211 | $ 873 | $ 664 | $ 469 | $ 428 | $1053 |
| Number Retirees & Beneficiaries | 830 | 822 | 704 | 696 | 505 | 228 | 74 | 12 | 43 |
| **1999** Average Monthly Benefit | $1850 | $1679 | $1401 | $1103 | $ 843 | $ 588 | $ 458 | $ 328 | $ 319 |
| Number Retirees & Beneficiaries | 902 | 796 | 736 | 683 | 472 | 208 | 59 | 10 | 7 |

NOTE: Average Final Average Salary is not available on a historical basis due to system constraints for these schedules.

# Schedule of Average Benefit Payment Amounts

## Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

**Years Since Retirement**

| **Tier 2** | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ |
|---|---|---|---|---|---|---|---|---|---|
| **2008** Average Monthly Benefit | $835 | $886 | $995 | $1065 | $913 | $617 | | | |
| Number Retirees & Beneficiaries | 82 | 144 | 232 | 101 | 17 | 4 | | | |
| **2007** Average Monthly Benefit | $751 | $887 | $967 | $1014 | $ 906 | $468 | | | |
| Number Retirees & Beneficiaries | 89 | 176 | 210 | 83 | 13 | 2 | | | |
| **2006** Average Monthly Benefit | $731 | $956 | $849 | $ 895 | $ 829 | $592 | | | |
| Number Retirees & Beneficiaries | 89 | 225 | 176 | 58 | 12 | 1 | | | |
| **2005** Average Monthly Benefit | $749 | $978 | $778 | $ 986 | $ 726 | $768 | | | |
| Number Retirees & Beneficiaries | 120 | 232 | 155 | 33 | 12 | 8 | | | |
| **2004** Average Monthly Benefit | $840 | $676 | $948 | $ 738 | $1076 | $1009 | | | |
| Number Retirees & Beneficiaries | 540 | 122 | 257 | 128 | 25 | 6 | | | |
| **2003** Average Monthly Benefit | $857 | $814 | $887 | $ 855 | $ 778 | | | | |
| Number Retirees & Beneficiaries | 530 | 155 | 242 | 109 | 18 | | | | |
| **2002** Average Monthly Benefit | $809 | $836 | $829 | $ 759 | $1134 | | | | |
| Number Retirees & Beneficiaries | 157 | 228 | 97 | 20 | 4 | | | | |
| **2001** Average Monthly Benefit | $673 | $644 | $580 | $ 480 | | | | | |
| Number Retirees & Beneficiaries | 373 | 186 | 58 | 14 | | | | | |
| **2000** Average Monthly Benefit | $675 | $571 | $550 | $ 288 | | | | | |
| Number Retirees & Beneficiaries | 316 | 160 | 32 | 13 | | | | | |
| **1999** Average Monthly Benefit | $654 | $521 | $584 | $ 191 | | | | | |
| Number Retirees & Beneficiaries | 310 | 127 | 25 | 9 | | | | | |

NOTE: Average Final Average Salary is not available on a historical basis due to system constraints for these schedules.

# Schedule of Average Benefit Payment Amounts

## Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

**Years Since Retirement**

| **Tier 3** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40+** |
|---|---|---|---|---|---|---|---|---|---|
| **2008** Average Monthly Benefit | $2237 | $1441 | $1154 | $1479 | $1035 | | | | |
| Number Retirees & Beneficiaries | 768 | 324 | 2 | 3 | 1 | | | | |
| **2007** Average Monthly Benefit | $ 2020 | $1327 | $1115 | $1287 | | | | | |
| Number Retirees & Beneficiaries | 752 | 224 | 2 | 3 | | | | | |
| **2006**Average Monthly Benefit | $ 1831 | $1211 | | | | | | | |
| Number Retirees & Beneficiaries | 600 | 177 | | | | | | | |
| **2005** Average Monthly Benefit | $ 1667 | $1170 | | | | | | | |
| Number Retirees & Beneficiaries | 538 | 97 | | | | | | | |
| **2004** Average Monthly Benefit | $ 1438 | $1126 | | | | | | | |
| Number Retirees & Beneficiaries | 396 | 46 | | | | | | | |
| **2003** Average Monthly Benefit | $ 1304 | $429 | | | | | | | |
| Number Retirees & Beneficiaries | 346 | 1 | | | | | | | |
| **2002**Average Monthly Benefit | $ 1178 | | | | | | | | |
| Number Retirees & Beneficiaries | 230 | | | | | | | | |
| **2001** Average Monthly Benefit | $ 490 | | | | | | | | |
| Number Retirees & Beneficiaries | 182 | | | | | | | | |
| **2000** Average Monthly Benefit | $ 388 | | | | | | | | |
| Number Retirees & Beneficiaries | 92 | | | | | | | | |
| **1999** Average Monthly Benefit | $ 397 | | | | | | | | |
| Number Retirees & Beneficiaries | 47 | | | | | | | | |

NOTE: Average Final Average Salary is not available on a historical basis due to system constraints for these schedules.

# Schedule of Average Benefit Payment Amounts

## Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

### Years Since Retirement

| Safety | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ |
|---|---|---|---|---|---|---|---|---|---|
| **2008** Average Monthly Benefit | $6644 | $6126 | $4800 | $4813 | $3884 | $3903 | $3810 | $2926 | $2453 |
| Number Retirees & Beneficiaries | 409 | 406 | 236 | 202 | 128 | 101 | 83 | 30 | 16 |
| **2007** Average Monthly Benefit | $6517 | $5758 | $4573 | $4438 | $3625 | $3909 | $3397 | $2830 | $2420 |
| Number Retirees & Beneficiaries | 465 | 362 | 229 | 168 | 128 | 107 | 76 | 22 | 19 |
| **2006** Average Monthly Benefit | $6475 | $5143 | $4442 | $4039 | $3451 | $3771 | $3379 | $2508 | $2135 |
| Number Retirees & Beneficiaries | 467 | 301 | 244 | 150 | 132 | 105 | 62 | 25 | 10 |
| **2005** Average Monthly Benefit | $5984 | $5042 | $4171 | $3911 | $3339 | $3684 | $3160 | $3053 | $1635 |
| Number Retirees & Beneficiaries | 455 | 289 | 243 | 140 | 115 | 103 | 61 | 20 | 9 |
| **2004** Average Monthly Benefit | $5550 | $4598 | $4182 | $3298 | $3278 | $3520 | $2731 | $2299 | $1459 |
| Number Retirees & Beneficiaries | 406 | 272 | 237 | 135 | 135 | 106 | 5 | 18 | 7 |
| **2003** Average Monthly Benefit | $5477 | $4214 | $4153 | $3345 | $3381 | $3478 | $2540 | $2044 | $1679 |
| Number Retirees & Beneficiaries | 431 | 241 | 215 | 133 | 109 | 100 | 42 | 17 | 5 |
| **2002** Average Monthly Benefit | $5117 | $3837 | $3982 | $3086 | $3200 | $2688 | $1998 | $1525 | $1287 |
| Number Retirees & Beneficiaries | 324 | 226 | 214 | 128 | 120 | 100 | 35 | 18 | 5 |
| **2001** Average Monthly Benefit | $4004 | $3265 | $3218 | $2944 | $2914 | $2399 | $1609 | $1149 | |
| Number Retirees & Beneficiaries | 326 | 278 | 156 | 144 | 100 | 56 | 23 | 5 | |
| **2000** Average Monthly Benefit | $3763 | $3021 | $3061 | $2591 | $2328 | $1554 | $1102 | $ 704 | |
| Number Retirees & Beneficiaries | 307 | 262 | 150 | 130 | 96 | 51 | 17 | 5 | |
| **1999** Average Monthly Benefit | $3261 | $2912 | $2518 | $2338 | $2186 | $1266 | $ 977 | $ 751 | |
| Number Retirees & Beneficiaries | 307 | 260 | 145 | 123 | 96 | 41 | 16 | 3 | |

NOTE: Average Final Average Salary is not available on a historical basis due to system constraints for these schedules.

# Participating Employers and Active Members For Years 2000-2009

| | 2009 | % of Totals | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **County of Contra Costa:** | | | | | | | | | | | |
| General Members | 6,429 | 71.90% | 6,802 | 6,871 | 6,668 | 6,699 | 7,082 | 7,133 | 6,850 | 6,610 | 6,397 |
| Safety Members | 956 | 10.69% | 1,020 | 1,023 | 1,025 | 1,027 | 1,089 | 1,104 | 1,606 | 1,517 | 1,496 |
| **TOTAL:** | 7,385 | 82.59% | 7,822 | 7,894 | 7,693 | 7,726 | 8,171 | 8,237 | 8,456 | 8,127 | 7,893 |
| **Participating Agencies:** | | | | | | | | | | | |
| Bethel Island Municipal Improvement District | 3 | 0.03% | 3 | 3 | 5 | 4 | 3 | 3 | 2 | 2 | 2 |
| Byron, Brentwood, Knightsen Union Cemetery District | 3 | 0.03% | 3 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Central Contra Costa Sanitary District | 266 | 2.97% | 266 | 257 | 258 | 249 | 253 | 242 | 244 | 246 | 237 |
| City of Pittsburg* | - | - | - | - | - | - | - | - | - | - | 243 |
| Contra Costa County Employees' Retirement Association | 37 | 0.41% | 37 | 35 | 35 | 35 | 34 | 35 | 33 | 30 | 26 |
| Contra Costa Housing Authority | 91 | 1.02% | 90 | 92 | 97 | 98 | 109 | 112 | 113 | 95 | 90 |
| Contra Costa Mosquito and Vector Control District | 35 | 0.39% | 37 | 35 | 35 | 31 | 28 | 29 | 28 | 24 | 24 |
| Delta Diablo Sanitation District* | - | - | - | - | - | - | - | 57 | 57 | 58 | 57 |
| Diablo Water District* | - | - | - | - | - | - | 13 | 13 | 11 | 11 | 11 |
| Local Agency Formation Commission (LAFCO) | 2 | 0.02.% | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ironhouse Sanitary District* | - | - | - | - | - | - | 28 | 27 | 24 | 23 | 22 |
| Rodeo Sanitary District | 8 | 0.09% | 8 | 7 | 7 | 7 | 7 | 7 | 6 | 7 | 6 |
| In-Home Supportive Services Authority (IHSS) | 12 | 0.13% | 13 | 16 | 15 | 12 | 11 | 12 | 10 | 6 | 6 |
| First 5 - Children & Families Commission | 22 | 0.25% | 16 | 14 | 14 | 13 | 10 | 11 | 9 | 6 | 6 |
| Bethel Island Fire District** | - | - | - | - | - | - | - | - | - | - | 3 |
| Contra Costa County Fire Protection District | 349 | 3.90% | 354 | 344 | 354 | 361 | 373 | 367 | 387 | 366 | 258 |
| East Contra Costa Fire Protection District | 50 | 0.56% | 50 | 52 | 55 | 55 | 55 | 55 | 55 | 55 | - |
| Moraga-Orinda Fire District | 73 | 0.82% | 71 | 71 | 66 | 73 | 69 | 70 | 69 | 65 | 66 |
| Rodeo-Hercules Fire Protection District | 21 | 0.23% | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 22 |
| Superior Court*** | 405 | 4.53% | 407 | 395 | 370 | 342 | - | - | - | - | - |
| San Ramon Valley Fire District | 180 | 2.01% | 185 | 179 | 179 | 172 | 168 | 169 | 170 | 170 | 169 |
| **TOTAL:** | 1,557 | 17.41% | 1,563 | 1,527 | 1,517 | 1,479 | 1,187 | 1,235 | 1,244 | 1,190 | 1,253 |
| **Total Active Membership** | 8,942 | 100.00% | 9,385 | 9,421 | 9,210 | 9,205 | 9,358 | 9,472 | 9,700 | 9,317 | 9,146 |

* Districts that terminated their membership with CCCERA
** Fire District merged with others to form East Contra Costa Fire Protection District
*** Superior Courts were part of County prior to January 1, 2005

## Photographic Notes

| | |
|---|---|
| Page 1 | *Homes and hills come together in a storybook panorama repeated often in Contra Costa due to careful development planning and environmental safeguards.* |
| Page 5 | *A Queensland Heeler keeps a watchful eye on his ranch near McHarry Ranch Road in Martinez.* |
| Page 17 | *The Eagle sails east on a sea of grass along Franklin Canyon Road, with a retired motor home protecting the stern. Lee Irwin, custom builder, has been constructing the ship for many years. He plans to add sails in the future.* |
| Page 51 | *Entrepreneurial spirit starts early in Contra Costa. In the spring and summer months, lemonade stands crop up along neighborhood streets, bike, and walking trails.* |
| Page 61 | *A rare event for Contra Costa County: snow blankets the hills above Morgan Territory Road. Many local organizations are dedicated to preserving the landscape's natural beauty and unique animal and plant species.* |
| Page 77 | *Rancho San Pablo, which was home to the "Californio" Governor Juan Bautista Alvarado, encompassed all of what is now Richmond, El Cerrito, El Sobranté, Kensington, San Pablo and Pinole. Former Governor of Alta California, Alvarado lived on this site until 1882.* |


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