

2022

Contra Costa County Employees' Retirement Association
Concord, California

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
- DECEMBER 31, 2022 -

A Message to Our Members

I am pleased to present the Popular Annual Financial Report (PAFR) for the year ended December 31, 2022. The financial data presented in the PAFR is derived from the Annual Comprehensive Financial Report (ACFR) which is audited and is consistent with generally accepted accounting principles (GAAP). The goal is to provide a summary of CCCERA's annual financial report that allows members and other interested parties to review the fund's fiscal information and demographics.

CCCERA's investment portfolio returned -10.6% (net of investment management fees) for the year ending December 31, 2022. This return was lower than the policy index return, which was -8.3% for 2022, reflecting market conditions throughout the year.

As of December 31, 2022, CCCERA's net fiduciary position totaled \$10.1 billion which means that assets of \$10.6 billion exceeded liabilities and deferred inflows of resources of \$0.5 billion. The primary use of plan assets includes benefit payments to retirees and their beneficiaries, contribution refunds to terminating employees, and the cost of administering the system. The funded ratio is 92.4%, as of December 31, 2021, the date of CCCERA's most recent actuarial valuation.

CCCERA has a net pension liability (NPL) (asset) of \$1.70 billion as of December 31, 2022. The plan fiduciary net position as a percentage of the total pension liability as of December 31, 2022 is 85.6%. The net pension liability (asset) as a percentage of covered payroll is 165.9% as of December 31, 2022. The associated schedules and further additional information for this requirement are shown in the Financial Section of the ACFR.

CCCERA established an IRS section 115 irrevocable Other Post-Employment Benefits (OPEB) Trust in 2018. The purpose of this Trust is for CCCERA, as a single employer plan, to set aside assets to offset the OPEB retiree health benefits liability for its employees, which was \$4.5 million as of December 31, 2022. CCCERA has funded 101.6% of the OPEB liability. The OPEB Trust is separate from CCCERA plan assets and presented as a separate column in the Financial Section of the ACFR.

CCCERA continues to fulfill its mission to administer pension benefits earned by our members and to be prudent stewards of plan assets including effective monitoring of the investment portfolio performance. Please refer to the ACFR Investment Section for additional information.

This PAFR report is not intended to replace the ACFR. Detailed information on the subjects included here and other important aspects of CCCERA's administration are located in our ACFR at cccera.org.

Gail Strohl
Chief Executive Officer



FIDUCIARY NET POSITION RESTRICTED FOR BENEFITS

As of December 31, 2022, CCCERA had \$10.1 billion in net position restricted for benefits, which means that assets of \$10.6 billion exceeded liabilities and deferred inflows of resources of \$0.5 billion.

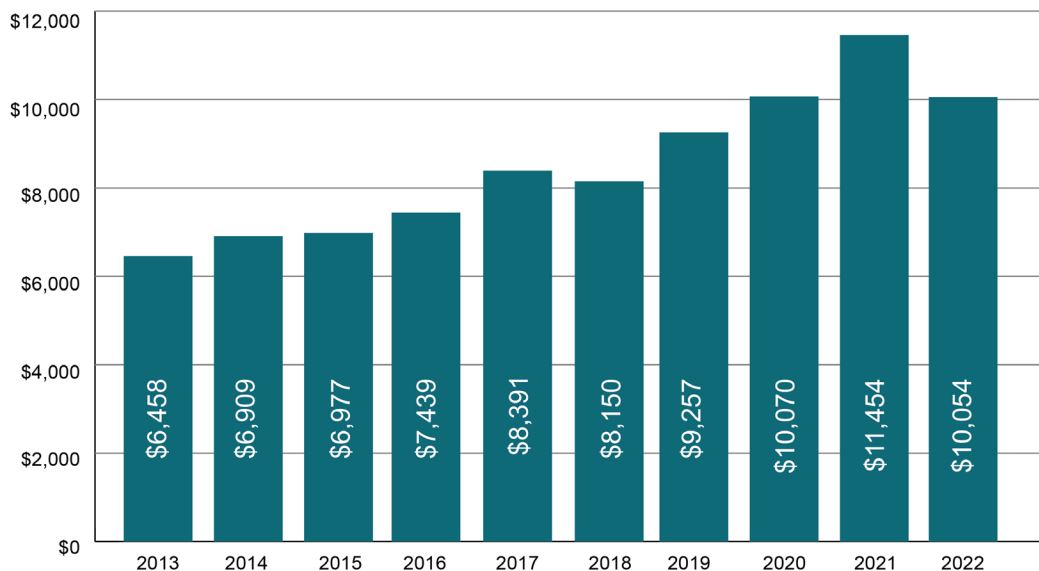
The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report CCCERA's net position restricted for benefits and is one way to measure the plan's financial position. Over time, increases and decreases in CCCERA's net position are indicators of whether its financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial position.

As of December 31, 2022, the net position restricted for benefits decreased by -12.2% compared to 2021, primarily due to negative investment returns. CCCERA's total investment portfolio returned -10.6% net of fees for the fiscal year ending December 31, 2022, lower than the policy index return which was -8.3% for 2022. CCCERA's net of fees annualized rate of return was 3.6% over the last three years, 4.4% over the last five years, and 6.7% over the last 10 years.

FIDUCIARY NET POSITION (Dollars in Thousands)									
	Pension Plan				OPEB Trust				
	2022	2021	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	2022	2021	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	
Assets									
Current and Other Assets	\$785,559	\$1,288,236	\$(502,677)	(39.0%)	\$49	\$34	\$15	44.1%	
Investments at Fair Value	9,774,736	10,808,187	(1,033,451)	(9.6%)	4,531	5,231	(700)	(13.4%)	
Capital Assets	4,258	2,748	1,510	54.9%	-	-	-	-	
Total Assets	10,564,553	12,099,171	(1,534,618)	(12.7%)	4,580	5,265	(685)	(13.0%)	
Liabilities									
Current Liabilities	509,794	644,407	(134,613)	(20.9%)	-	-	-	-	
Total Liabilities	509,794	644,407	(134,613)	(20.9%)	-	-	-	-	
Deferred Inflows of Resources - OPEB	1,090	998	92	9.2%	-	-	-	-	
NET POSITION - RESTRICTED FOR BENEFITS	\$10,053,669	\$11,453,766	\$(1,400,097)	(12.2%)	\$4,580	\$5,265	\$(685)	(13.0%)	

FIDUCIARY NET POSITION OVER 10 YEARS

(Dollars in Millions)



CHANGES IN FIDUCIARY NET POSITION

The primary sources of funding for CCCERA member benefits are employer contributions, plan member contributions, and net investment income. Total additions to fiduciary net position for the years ended December 31, 2022 and 2021, were \$(797.2) million and \$1,944.9 million, respectively. The decrease in the current year is primarily due to negative investment gains earned compared to the previous year. The decrease in employer contributions is mostly due to a pay-off of an employer's unfunded liability last year. Plan member contributions increases over the prior year were mostly due to an increase in plan member rates. Net investment loss for the year ended December 31, 2022 totaled \$(1,272.9) million.

CCCERA's plan assets can only be used to make benefit payments to retirees and beneficiaries, contribution refunds to terminated employees, and pay the cost of administering the system. Total deductions from fiduciary net position for the years ended December 31, 2022 and 2021, were \$602.9 million and \$561.3 million, respectively. Benefits paid to retirees and beneficiaries were \$562.8 million in 2022, an increase of \$30.7 million, or 5.8% over 2021. The growth in benefit payments was due to a combination of the following: (1) the net increase in the number of retirees and beneficiaries for the year, and (2) the increase in average retirement allowances of those added to the retirement payroll.

CHANGES IN FIDUCIARY NET POSITION

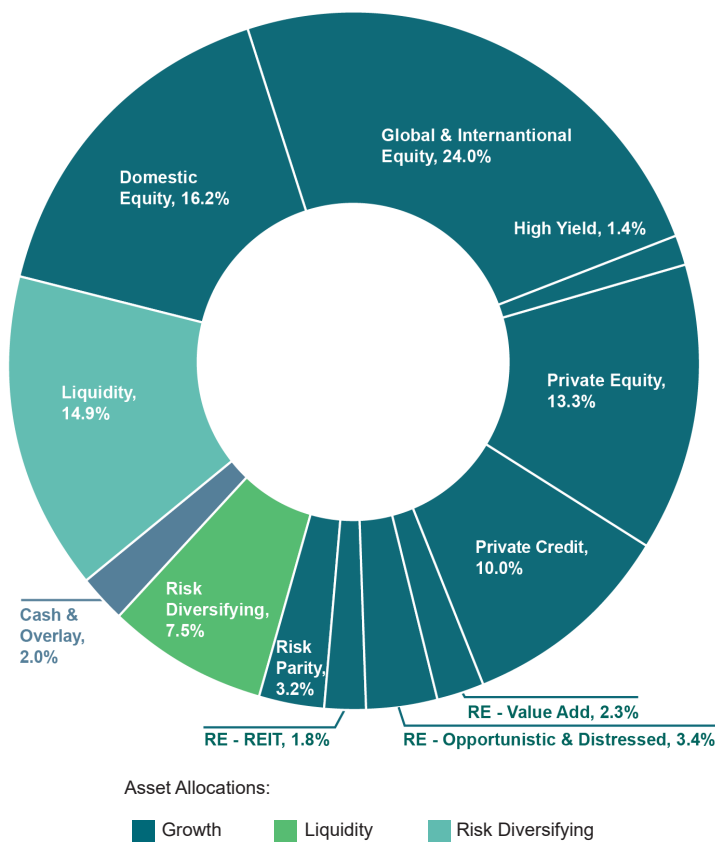
(Dollars in Thousands)

	Pension Plan				OPEB Trust			
	2022	2021	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	2022	2021	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Additions:								
Employer Contributions	\$352,384	\$410,760	\$(58,376)	(14.2%)	\$268	\$268	\$-	-
Plan Member Contributions	122,304	117,017	5,287	4.5%	-	-	-	-
Net Investment Income (Loss)	(1,272,930)	1,416,366	(2,689,296)	(189.9%)	(797)	414	(1,211)	(292.5%)
Net Security Lending Income	1,054	732	322	44.0%	-	-	-	-
Total Additions	(797,188)	1,944,875	(2,742,063)	(141.0%)	(529)	682	(1,211)	(177.6%)
Deductions:								
Pension Benefits	562,830	532,117	30,713	5.8%	-	-	-	-
Contribution Prepayment Discount	10,032	9,755	277	2.8%	-	-	-	-
Administrative	11,538	11,237	301	2.7%	156	83	73	88.0%
Refunds	13,738	5,884	7,854	133.5%	-	-	-	-
Other Expenses	4,771	2,354	2,417	102.7%	-	-	-	-
Total Deductions	602,909	561,347	41,562	7.4%	156	83	73	88.0%
INCREASE (DECREASE) IN NET POSITION - RESTRICTED FOR BENEFITS	\$(1,400,097)	\$1,383,528	\$(2,783,625)	(201.2%)	\$(685)	\$599	\$(1,284)	(214.4%)

ASSET ALLOCATION AND INVESTMENT RESULTS

Asset allocation is an integral part of CCCERA's investment policy. CCCERA's Chief Investment Officer and the outside investment consultants (Verus and Stepstone) assist the Board of Retirement in designing strategic diversification strategies to maintain steady, long-term gains, with appropriate risk. Please refer to the ACFR for additional information.

The main investment goal is for the total return to exceed the policy index return, which was -8.3% for 2022. As mentioned, for the year ended December 31, 2022, the total return was -10.6% after fees.



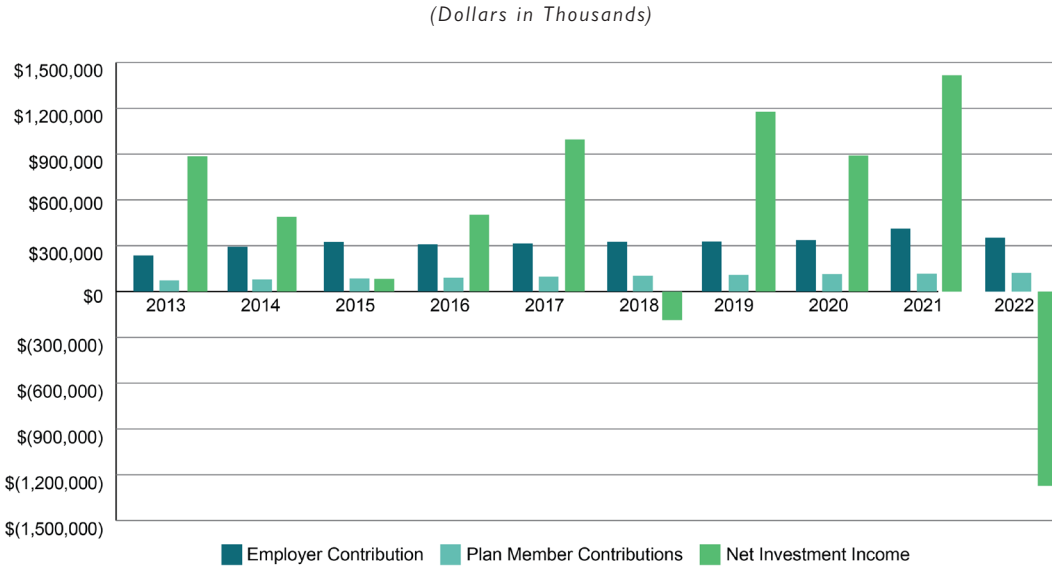
INVESTMENT RESULTS BASED ON FAIR VALUE* As of December 31, 2022

	Annualized (net of fees)			
	Current Year	3 Year	5 Year	10 Year
Liquidity	-3.5%	-0.2%	1.2%	-
Benchmark:				
Bloomberg US Govt/Credit 1-3 Yr. TR	-3.7%	-0.3%	0.9%	-
Total Domestic Equity	-18.5%	6.1%	6.8%	11.2%
Benchmark:				
Russell 3000	-19.2%	7.1%	8.8%	12.1%
Total Global Equity	-19.4%	4.3%	5.8%	8.6%
Benchmark:				
MSCI ACWI	-18.4%	4.0%	5.2%	8.0%
Total International Equity	-18.6%	0.3%	1.2%	4.4%
Benchmarks:				
MSCI ACWI ex-USA Gross	-15.6%	0.5%	1.4%	4.3%
MSCI EAFE Gross	-14.0%	1.3%	2.0%	5.2%
Total High Yield	-10.9%	-0.7%	1.6%	3.2%
Benchmark:				
ICE BofA ML High Yield Master II	-11.2%	-0.2%	2.1%	3.9%
Private Equity	-0.5%	20.2%	16.1%	13.9%
Private Credit	10.5%	8.1%	8.1%	9.7%
Total Real Estate	-4.9%	2.1%	4.3%	7.7%
Benchmarks:				
Real Estate Benchmark	-4.1%	4.8%	5.7%	7.6%
NCREIF - ODCE Index	7.5%	9.9%	8.7%	10.1%
NCREIF Property Index	5.5%	8.1%	7.5%	8.8%
Risk Parity	-21.8%	-2.2%	-	-
Diversifying	-5.7%	-2.0%	-0.3%	-
Benchmark:				
Custom Diversifying Benchmark	-5.4%	0.2%	1.6%	2.3%
Total Cash	2.4%	1.3%	1.8%	1.6%
Benchmark:				
91 Day T-Bills	1.5%	0.6%	1.2%	0.7%
Total Fund	-10.6%	3.6%	4.4%	6.7%
Benchmark:				
Policy Index	-8.3%	5.4%	5.9%	7.6%
Total Fund excl. Overlay & Cash	-10.1%	4.0%	4.7%	6.9%
Benchmark:				
Policy Index	-8.3%	5.4%	5.9%	7.6%

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

REVENUE BY SOURCE

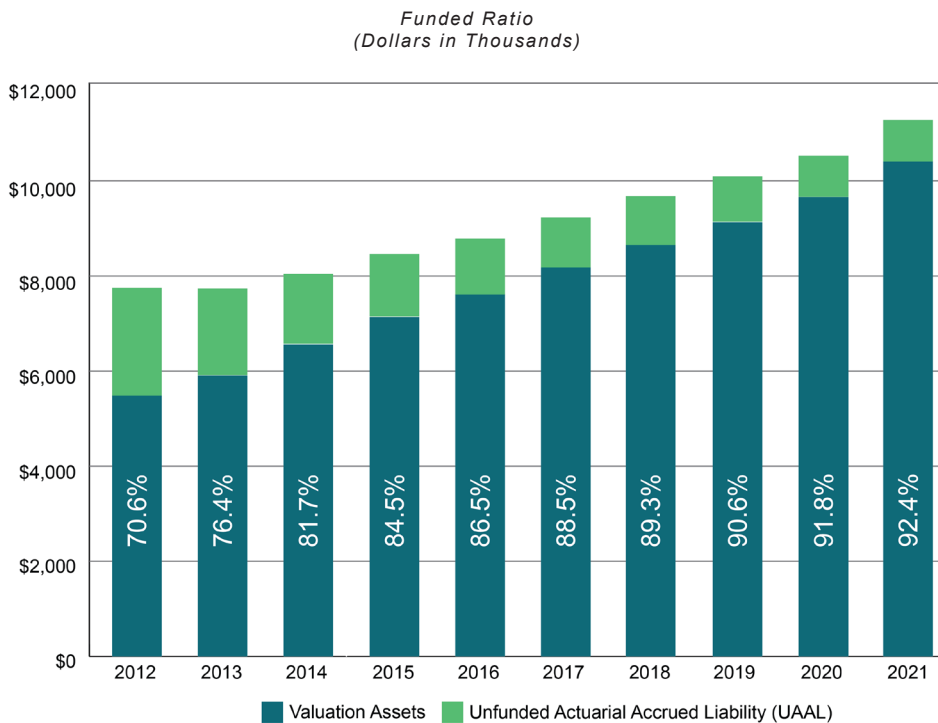
Employer and plan member Basic and COLA (cost of living adjustment) contributions are based on statute and rates recommended by our independent actuary (Segal) and adopted by the Board.



CCCERA's actuarial valuations are performed annually as of December 31 each year. Contribution requirements and rates resulting from such valuations become effective 18 months after the valuation date. For example, the valuation as of December 31, 2021 and resulting rates become effective on July 31, 2023.

ACTUARIAL FUNDING STATUS

In order to determine whether the pension plan's net position restricted for benefits will be sufficient to meet future obligations, the actuarial funding status needs to be calculated. An actuarial valuation is similar to an inventory process. On the valuation date, the assets available for the payment of retirement benefits are appraised,

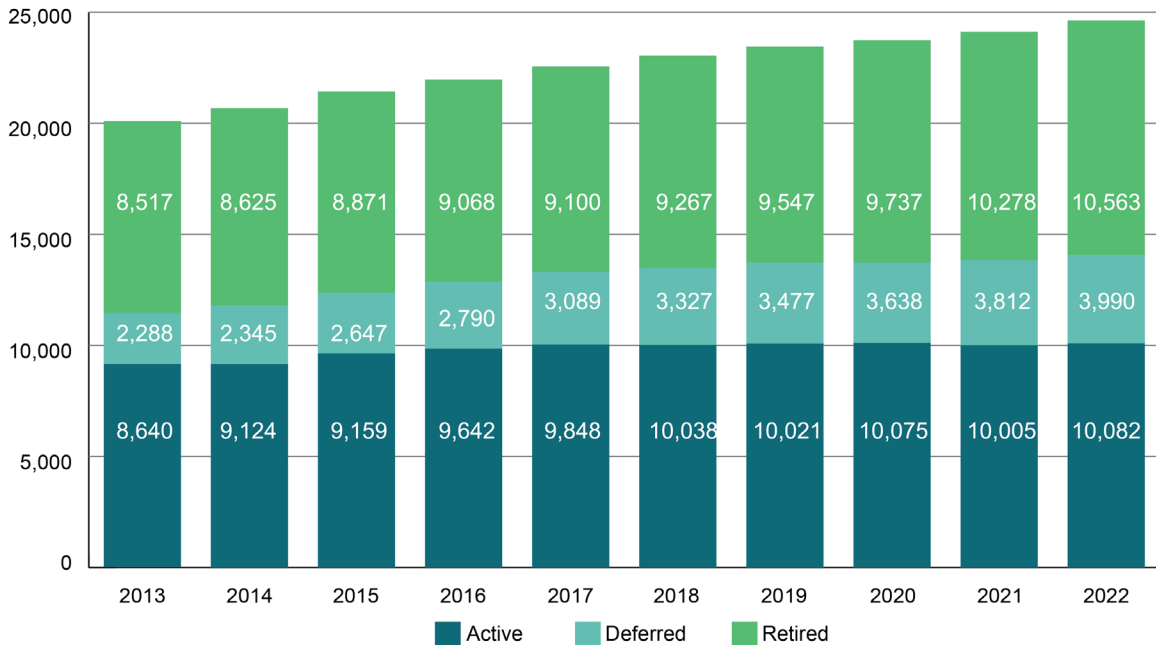


with gains and losses over the previous five years smoothed to avoid significant swings in the value of assets from one year to the next. These assets are compared to the actuarial accrued liabilities, which are the actuarial present value of future benefits (attributable to service already earned) expected to be paid for each member.

The purpose of the valuation is to determine what future contributions by the members and by the employers are needed to pay all expected future benefits.

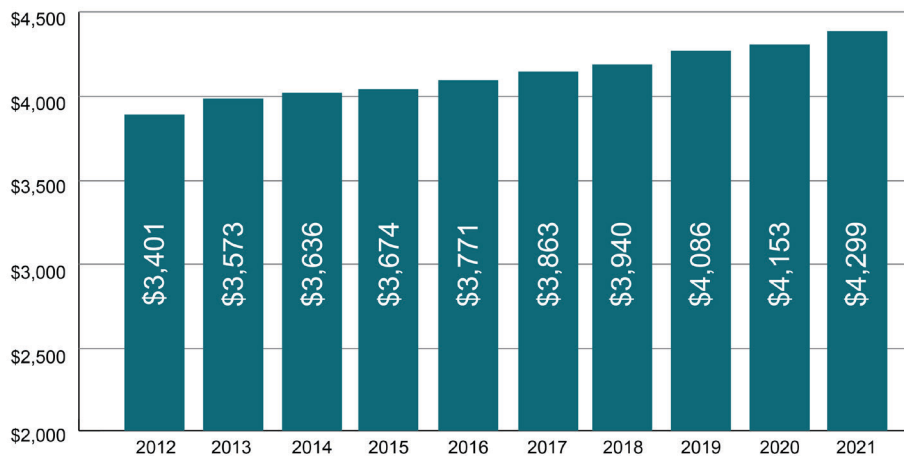
MEMBERSHIP

CCCERA's membership consists of full and part-time employees, members who have left employment service and have deferred their receipt of retirement benefits, and retirees and their beneficiaries from the County of Contra Costa and participating employers and districts. CCCERA's total membership as of December 31, 2022 is 24,635.



AVERAGE BENEFIT PAYMENTS

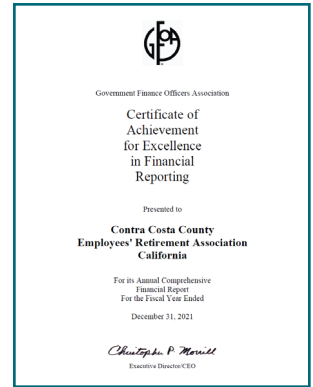
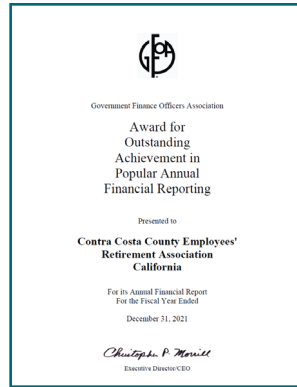
The chart below is a broad representation of average benefits paid monthly over 10 years to retirees and beneficiaries. Both general and safety member figures are combined in this calculation, as are all tiers. The chart includes all members who have retired through December 31, 2021.



AWARDS FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to CCCERA for its PAFR for the fiscal year ended December 31, 2021. The Award for Outstanding Achievement in Popular Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive this award, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, and understandability, and reader appeal. The award is valid for a period of one year only. CCCERA has received this award for the last 13 consecutive years since 2009. We believe our current PAFR report continues to conform to the Popular Annual Financial Reporting requirements and will submit it to the GFOA for review.

The GFOA has also awarded CCCERA its 22nd Certificate of Achievement for Excellence in Financial Reporting Award for its ACFR for every year from 2000 to 2021. This is a prestigious national award



recognizing conformance with highest standards for preparation of state and local government reports.

CCCERA has also earned the Public Pension Coordinating Council's Public Standards Award for 2022 and going back since 1998. The award is 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.

2022 BOARD OF RETIREMENT (As of December 31, 2022)

Scott W. Gordon *Chairperson*
David J. MacDonald *Vice-Chairperson*
Jerry R. Holcombe *Secretary*
Russell V. Watts *County Treasurer*
John B. Phillips
Candace Andersen

Donnie Finley
Louie Kroll
Dennis Chebotarev
Mike Sloan *(Retiree Alternate)*
Jay Kwon *(Appointed Alternate)*
Samson Wong *(Safety Alternate)*

MORE ABOUT CCCERA

CCCERA's website, cccera.org, provides resources for members, employers and the public. In addition to the ACFR, it features forms, handbooks, video tutorials, a calculator to estimate retirement benefits, and more.



Contra Costa County Employees'
Retirement Association

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CCCERA's mission is to administer pension benefits earned by our members and to be prudent stewards of plan assets.

CCCERA PARTICIPATING EMPLOYERS

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