

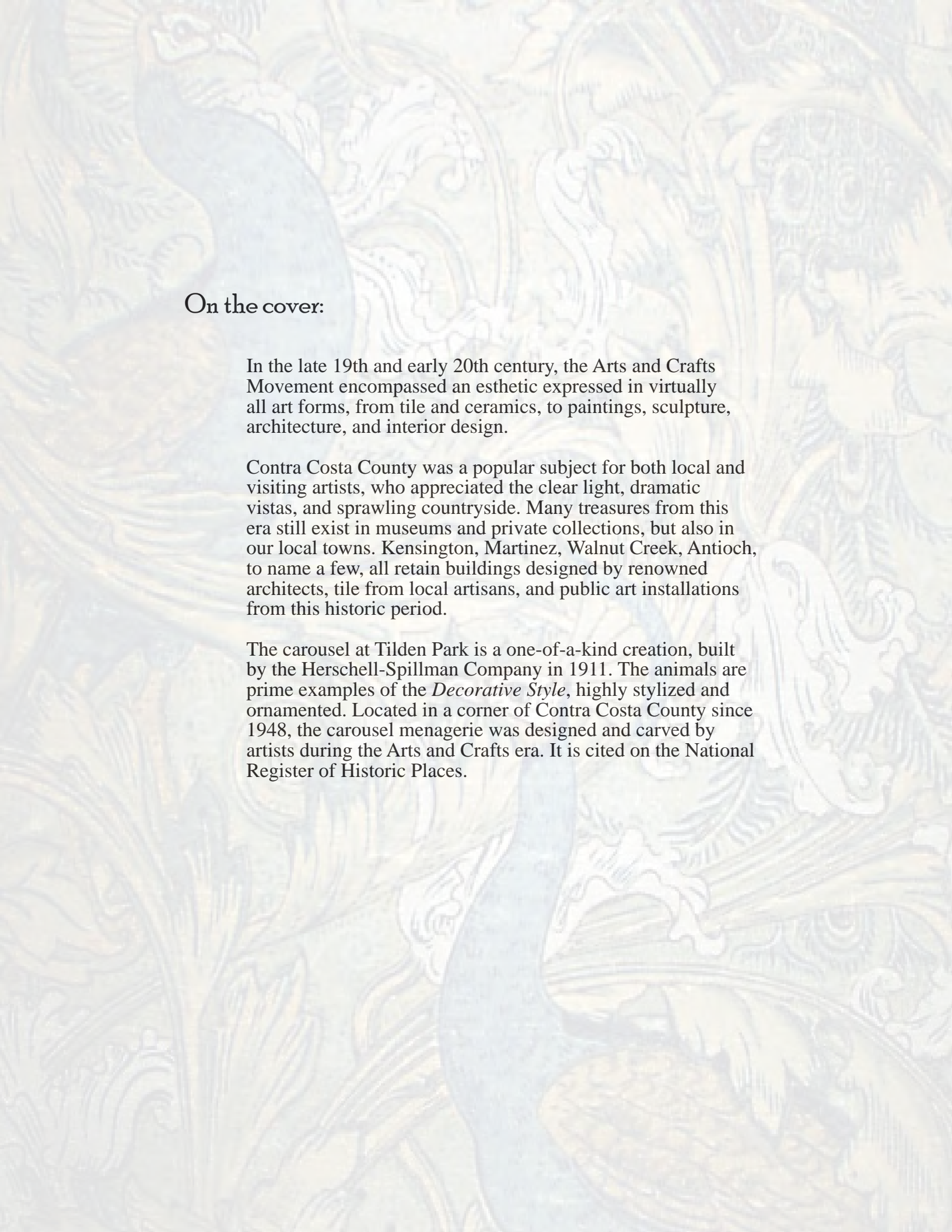
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Comprehensive Annual Financial Report

For The Years Ended December 31, 2011 and 2010

A Pension Trust Fund of the
County of Contra Costa, California and Participating Employers



On the cover:

In the late 19th and early 20th century, the Arts and Crafts Movement encompassed an esthetic expressed in virtually all art forms, from tile and ceramics, to paintings, sculpture, architecture, and interior design.

Contra Costa County was a popular subject for both local and visiting artists, who appreciated the clear light, dramatic vistas, and sprawling countryside. Many treasures from this era still exist in museums and private collections, but also in our local towns. Kensington, Martinez, Walnut Creek, Antioch, to name a few, all retain buildings designed by renowned architects, tile from local artisans, and public art installations from this historic period.

The carousel at Tilden Park is a one-of-a-kind creation, built by the Herschell-Spillman Company in 1911. The animals are prime examples of the *Decorative Style*, highly stylized and ornamented. Located in a corner of Contra Costa County since 1948, the carousel menagerie was designed and carved by artists during the Arts and Crafts era. It is cited on the National Register of Historic Places.



Comprehensive Annual Financial Report

For The Years Ended December 31, 2011 and 2010

Contra Costa by Xavier Martinez

Issued by:

Marilyn Leedom, CEBS

Retirement Chief Executive Officer

Vickie C. Kaplan, CPA

Retirement Accounting Manager

Contra Costa County Employees' Retirement Association

A Pension Trust Fund of the County of Contra Costa, California and Participating Employers

1355 Willow Way, Suite 221

Concord, California 94520-5728

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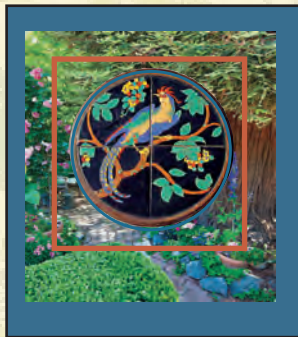
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Introductory Section





LETTER OF TRANSMITTAL

June 15, 2012

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, 2011, our 66th 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** includes a description of 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	E*
San Ramon Valley Fire Protection District	E

E - Adopted Enhanced Benefits (2% at 55 for General Members; 3% at 50 for Safety Members)

E* - Adopted Enhanced Benefits (2% at 55 for General Member only)

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
 Superintendent of Schools - Contra Costa County 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 (currently vacant), 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

This report has been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. CCCERA's MD&A can be found immediately following the independent auditor's report.

Management of CCCERA is responsible for establishing and maintaining an internal control structure designed to ensure CCCERA's assets are protected from loss, theft or misuse. Responsibility for the accuracy, completeness, fair representation of information and all disclosures rests with CCCERA's management. The accounting firm of Brown Armstrong CPAs, a certified public accounting firm, provides financial statement independent audit services to CCCERA. The financial audit states that CCCERA's financial statements are presented in conformity with generally accepted accounting principles (GAAP) and are free from material misstatement. Internal controls are reviewed to ensure CCCERA's operating policies and procedures are being adhered to and are sufficient to safeguard CCCERA's assets. CCCERA recognizes that even sound internal controls have inherent limitations. We believe that CCCERA's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

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, 2009. The Segal Company's actuarial valuation as of December





31, 2010, determined the funding status (the ratio of system assets to system liabilities) to be 80.3%, 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 \$5.027 billion at December 31, 2010, to \$5.052 billion at December 31, 2011. For the year ended December 31, 2011, CCCERA's investment portfolio returned 2.7%, before investment management fees, reflecting market conditions throughout the year. CCCERA's annualized rate of return was 12.6% over the last three years, 2.4% over the last five years, and 6.2% 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, 2010. 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 accounting principles generally accepted in the United States of America 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 2011. 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

2011 was a challenging year for many retirement systems; CCCERA was no exception. Political and economic pressure caused many public employers to face difficult policy and restructuring decisions. As a retirement fund administrator, CCCERA maintained flexibility by quickly developing new procedures and strategies in response to changing conditions, not only for our plan sponsors, but for our own agency.

Benefits Division - Prospective benefit structure changes and collective bargaining agreements caused an increase in retiring members. In 2010, CCCERA processed 434 retirements; in 2011 we processed 696 retirements. A new Member Services Program Coordinator position was created to supervise the data-intensive Member Services section. This cooperative supervision between benefits counseling and information services improved coverage and data manipulation during high request time periods. Our Disability Counselor assisted our Disability Legal Counsel ten hours per week to facilitate filing and paperwork. An additional counselor began training as back up for this position, further improving knowledge transfer within the division. Increases in service demand throughout the agency created a need for more staff and workspace. Vacant office space adjacent to our existing footprint was annexed, allowing staff in the Member Services and the Benefits sections to be grouped by comparable tasks.

Integrating the new pension system with existing processes required developing new procedural manuals for the Benefits and Member Services Divisions. Management staff used CPAS training materials supplemented with written instructions to create comprehensive training and function manuals as a resource for all division employees.

Personnel - CCCERA recruited and hired a new Accounting Manager; recruitment continued for a new Deputy Chief Executive Officer. (This position was filled in early 2012.) A Programmer/Analyst was retained to facilitate CPAS system functioning, improving queries and report results. In addition to the new Member Services Program Coordinator position, the Benefits Division also recruited and trained two Counselors, one Member Services Technician and one Senior Member Services Data Specialist.

Legal Division - The Legal Division prepared and assisted in the preparation of administrative and board policies, including a Securities Litigation Monitoring Policy and a Policy on Handling Requests for Actuarial Information. As a result of increased interest in government practices and pension funding, the Legal Division has responded to many Public Records Requests, some requiring laborious research, compilation, and programming. The Legal Division publishes an updated, CCCERA specific, compilation of the County Employees Retirement Law of 1937, which is submitted annually to the IRS.





Accounting Division - A Request for Proposal (RFP) for auditing services was released; Brown Armstrong CPAs was the successful bidder. A new audit partner was assigned to our account for the new three year contract period. The implementation and integration of the MultiView accounting system continued throughout 2011 with the completion of the electronic workflow for Accounts Payable. The integration of the system with the custodial bank and operating bank as well as adding the Bank Reconciliations, Fixed Assets, and Historical Data components continue to be worked on in 2012. Accounting Division responsibilities continue to be more complex as we hire more investment managers, execute new reporting requirements from all sources, interpret new GASB standards, implement new IRS and EDD requirements, and ensure accounting accuracy during the ongoing implementation of CPAS.

Information Technology - Like other businesses, the ability to generate, track, and archive information makes ever-increasing demands on our technology infrastructure. Depooling also resulted in escalating data demands on our system. IT staff replaced CPAS servers and upgraded operating systems, plus created a platform for mobile applications and messaging. Complex, individualized CPAS reports and queries are facilitated by the IT Division. A regional "cold site" has been established and supplied for business continuity in case of emergency. A "hot site" for disaster recovery will be hosted by a 1937 Act sister county, with reciprocal services for that county provided by CCCERA. Testing is underway at both sites to ensure optimum capability and performance in emergency situations.

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 CCCERA and for their diligent work to assure the continued successful operation of CCCERA.

Respectfully submitted,

Marilyn Leedom, CEBS
Retirement Chief Executive Officer





CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MEMBERS OF THE RETIREMENT BOARD

AS OF DECEMBER 31, 2011

<u>TRUSTEES</u>	<u>TERM EXPIRES</u>	<u>APPOINTED/ ELECTED BY</u>
Maria Theresa Viramontes, Chairperson	June 30, 2013	Board of Supervisors
Brian Hast, Vice-Chairperson	June 30, 2013	General Members
John B. Phillips, Secretary	June 30, 2014	Board of Supervisors
Terry Buck	June 30, 2014	Safety Members
Richard Cabral	June 30, 2014	General Members
John Gioia	June 30, 2014	Board of Supervisors
Jerry Telles	June 30, 2013	Retirees
Debora Allen	June 30, 2014	Board of Supervisors
Russell V. Watts, County Treasurer	Permanent by Office	
Sharon Naramore (alternate)	June 30, 2013	Retirees
Jerry R. Holcombe (alternate)	June 30, 2014	Board of Supervisors
Vacant (alternate)	June 30, 2014	Safety Members



LIST OF PROFESSIONAL CONSULTANTS

AS OF DECEMBER 31, 2011

ACTUARY

The Segal Company

ACTUARIAL AUDIT

Milliman

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

MASTER CUSTODIAN

State Street Bank & Trust

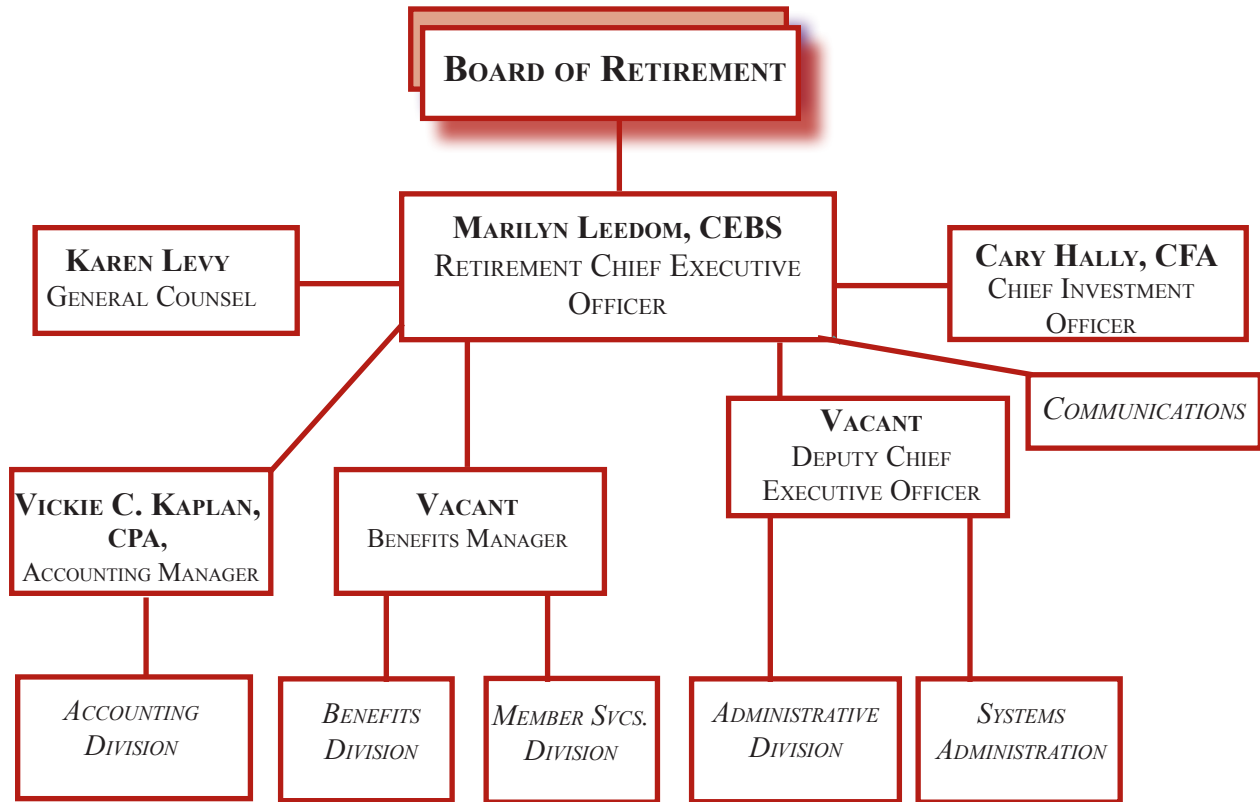
PROXY GUIDELINE VOTING AGENT SERVICE

Risk Metrics Group

Note: List of Investment Professionals is located on page 64 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, 2010

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.



Linda C. Sandson

President

Jeffrey R. Emer

Executive Director





Public Pension Coordinating Council

***Public Pension Standards Award
for Funding and Administration
2011***

Presented to

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

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

Presented by the Public Pension Coordinating Council, a confederation of

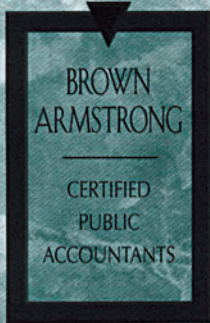
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator



Financial Section





BROWN ARMSTRONG

Certified Public Accountants

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, 2011 and 2010, 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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, 2011 and 2010, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the GASB, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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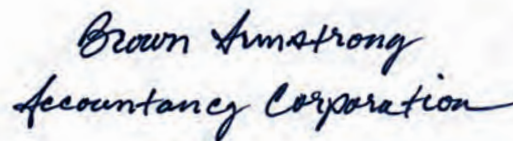


REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

The Other Supplementary Information, as listed in the table of contents, and the Investment, Actuarial, and Statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements of CCCERA. The Other Supplementary Information as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. We did not audit the information contained in the Investment, Actuarial, and Statistical sections and express no opinion or provide any assurances on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012, on our consideration of CCCERA's internal control over financial reporting and on 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

June 15, 2012



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, 2011. 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 2011 total \$5.1 billion (net assets held in trust for pension benefits), an increase of \$25 million, or 0.5% from 2010, primarily as a result of the net appreciation in the Fair Value of Investments. The December 31, 2010 net assets of \$5.0 billion represented an increase of \$0.5 billion over the \$4.5 billion balance as of December 31, 2009.
- ‡ Total Additions, as reflected in the Statement of Changes in Plan Net Assets, for the year ended December 31, 2011, were \$363.0 million, which includes employer and employee contributions of \$262.0 million, an investment gain of \$100.4 million, and net securities lending income of \$1.0 million. 2010 investment income and gains were down from 2009. These gains totaled \$605.7 million for the year ended December 31, 2010, compared to \$748.9 million in 2009.
- ‡ Employer contributions increased from \$184.0 million in 2010 to \$200.4 million in 2011 primarily as the result of an increase in contribution rates attributed to a decrease in the actuarial interest assumption from 7.80% to 7.75% and past losses recognized. Contribution rates are applied on a July through June fiscal year basis and increased as of July 1, 2011. Also included in the 2011 employer contribution total is \$3.8 million paid by County departments as a result of employees converting prior Tier 2 service to Tier 3 service. Employer contributions in 2009 totaled \$195.6 million.
- ‡ Employee contributions decreased slightly for 2011 when compared to 2010, mainly due to fewer active members. For 2011, 2010, and 2009, employee contributions were \$61.6 million, \$64.3 million, and \$66.5 million, respectively.
- ‡ Total Deductions, as reflected in the Statement of Changes in Plan Net Assets, increased from \$304.6 million to \$338.1 million over the prior year, or approximately 11%, mainly attributed to the Pension payroll. Benefits paid to retirees and beneficiaries increased from \$289.0 million in 2010 to \$320.3 million in 2011, or approximately 10.8%. This increase can be attributed to an increase in the number of new retirees and an annual cost-of-living (COLA) increase. The increase in the Pension Benefit from 2010 over 2009 was approximately 8.3%, primarily attributed to new retirees and the cost-of-living increase which only applied to those with an accumulated carry-over of unused COLAs from prior years.
- ‡ CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2010, the date of CCCERA's last actuarial valuation, the funded ratio for CCCERA was 80.3%. In general, this indicates that for every dollar of benefits due we have approximately \$0.80 to cover it.

- ‡ Market conditions were strong in the first half of 2011, but suffered a downturn during the second half of the year. Despite this, the portfolio finished the year in a positive territory with a 2.7% return, compared to 14.0% in 2010. 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

As of December 31, 2011, CCCERA has \$5.1 billion in net assets, which means that total assets of \$5.93 billion exceed total liabilities of \$882 million. At December 31, 2010 and 2009, CCCERA's net assets totaled \$5.0 billion and \$4.5 billion, respectively. The net assets represent funds available for future payments. Of importance and unlike private pension funds, public pension funds are not currently 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, 2011, net assets increased slightly by 0.5% over 2010, and increased by 12.9% over 2009, 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 \$1.2 million to \$1.0 million (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 -14.1% over 2010. The decrease of -15.6% for 2010 over 2009 is primarily because of the normal amortization and depreciation of assets taken by CCCERA annually.

Starting in 2008, CCCERA follows 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 2011, 2010, and 2009, CCCERA expensed \$159,024, \$78,707, and \$1,015,672 of software, hardware, and computer technology consulting services, respectively.

PLAN NET ASSETS (Dollars in Thousands)

	2011	2010	2009	% Change 2011-2010	% Change 2010-2009
Current Assets	\$ 964,576	\$1,003,309	\$ 902,124	-3.9%	11.2%
Investments	4,968,836	4,851,225	4,323,164	2.4%	12.2%
Capital Assets	997	1,161	1,376	-14.1%	-15.6%
Total Assets	5,934,409	5,855,695	5,226,664	1.3%	12.0%
Total Liabilities	882,119	828,538	749,935	6.5%	10.5%
Total Plan Net Assets	\$ 5,052,290	\$5,027,157	\$4,476,729	0.5%	12.3%



CCCERA has annual valuations completed by its independent actuary, The Segal Company. The purpose of the valuation is to determine the future contributions by the members and employers 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 consistent investment program.

CCCERA's Activities

CHANGES IN CCCERA NET ASSETS (Dollars in Thousands)

Additions	2011	2010	2009	% Change 2011-2010	% Change 2010-2009
Employer Contributions	\$ 200,389	\$183,951	\$ 195,614	8.9%	-6.0%
Employee Contributions	61,575	64,330	66,536	-4.3%	-3.3%
Net Investment Income	100,363	605,672	748,861	-83.4%	-19.1%
Net Security Lending Income	951	1,097	2,436	-13.3%	-55.0%
Total	\$ 363,278	\$855,050	\$1,013,447	-57.5%	-15.6%

Deductions	2011	2010	2009	% Change 2011-2010	% Change 2010-2009
Pension Benefits	\$ 320,297	\$ 288,969	\$ 266,866	10.8%	8.3%
Refunds	3,909	2,647	4,628	47.7%	-42.8%
Administrative	6,290	5,283	7,359	19.1%	-28.2%
Other Expenses	7,649	7,723	7,563	-1.0%	2.1%
Total	\$ 338,145	\$ 304,622	\$ 286,416	11.0%	6.4%

Increase in Net Assets Held in Trust for Pension Benefits

\$ 25,133	\$ 550,428	\$ 727,031	-95.4%	-24.3%
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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 for the years ended December 31, 2011, 2010, and 2009 totaled \$100.4 million, \$605.7 million, and \$748.9 million, respectively.

By year-end, overall additions had decreased by \$492 million over 2010, or -57.5%, due primarily to investment gains being lower than in the previous year. For 2010, overall additions had decreased by \$158 million over 2009, or -15.6%. The Investment Section of this report reviews the result of investment activity for the year ended December 31, 2011.

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, 2011 totaled \$338.1 million, an increase of 11.0% over December 31, 2010. 2010 had an increase of \$18.2 million or a 6.4% change from December 31, 2009. The increases are mostly 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.

The Board of Retirement approves the annual budget for CCCERA. The California Government Code Section 31580.2(a) limits the annual administrative expense to not exceed the greater of either of the following: (1) twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system; (2) two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment computed in accordance with Article 16.5. Expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products are not considered a cost of administration of the retirement system. 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,



Vickie C. Kaplan, CPA
Retirement Accounting Manager
June 15, 2012



STATEMENT OF PLAN NET ASSETS

AS OF DECEMBER 31, 2011 AND 2010
(DOLLARS IN THOUSANDS)

ASSETS:	2011	2010
Cash equivalents	\$ 248,772	\$ 212,131
Cash collateral - securities lending	289,851	269,790
Total cash & cash equivalents	538,623	481,921
Receivables:		
Contributions	7,069	6,930
Investment trades	380,828	477,211
Investment income	15,248	13,355
Installment contract (see Note 11)	22,027	23,036
Other	66	90
Total receivables	425,238	520,622
Investments at fair value:		
Stocks	2,185,883	2,467,400
Bonds	1,826,834	1,517,912
Real estate	588,705	566,633
Alternative investments	367,414	299,280
Total investments	4,968,836	4,851,225
Other assets:		
Prepaid expenses/deposits	715	766
Capital assets, net of accumulated depreciation/amortization of \$1,728 and \$1,512, respectively	997	1,161
Total assets	5,934,409	5,855,695
LIABILITIES:		
Investment trades	482,507	467,870
Security lending	289,851	269,790
Employer contributions unearned	95,371	77,584
Retirement allowance payable	5,749	5,016
Accounts payable	5,454	5,548
Contributions refundable	664	676
Other liabilities	2,523	2,054
Total liabilities	882,119	828,538
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$5,052,290	\$5,027,157

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(DOLLARS IN THOUSANDS)

ADDITIONS:	2011	2010
Contributions:		
Employer	\$ 200,389	\$ 183,951
Employee	61,575	64,330
Total contributions	<u>261,964</u>	<u>248,281</u>
Investment income:		
Net (depreciation)/appreciation in fair value of investments	(54,502)	387,885
Net appreciation in fair value of real estate	36,353	101,165
Interest	88,297	94,984
Dividends	35,745	28,677
Real estate income, net	20,555	19,950
Investment expense	(30,694)	(30,475)
Other income and expense	4,609	3,486
Net investment income, before securities lending	<u>100,363</u>	<u>605,672</u>
Securities lending income:		
Earnings	1,111	1,593
Rebates	162	(154)
Fees	(322)	(342)
Net securities lending income	<u>951</u>	<u>1,097</u>
Net investment income	<u>101,314</u>	<u>606,769</u>
Total additions	<u>363,278</u>	<u>855,050</u>
DEDUCTIONS:		
Benefits paid	320,297	288,969
Contribution prepayment discount	6,982	6,848
Administrative	6,290	5,283
Refunds of contributions	3,909	2,647
Other	667	875
Total deductions	<u>338,145</u>	<u>304,622</u>
NET INCREASE	<u>25,133</u>	<u>550,428</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Balance beginning of year	<u>5,027,157</u>	<u>4,476,729</u>
Balance end of year	<u>\$ 5,052,290</u>	<u>\$5,027,157</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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. Prior to 2010, CCCERA operated 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.

In October 2009, the Retirement Board depooled CCCERA's assets, actuarial accrued liability (AAL), and normal cost both by tier and employer for determining employer contribution rates. This Board action yielded 12 separate cost groups by employer, with the exception of smaller employers (those with less than 50 active members) who continue to be pooled with the applicable County tier. The depooling action affected employer rates effective July 1, 2011. The Board instructed The Segal Company (CCCERA's actuary) to calculate the new rates based on separate experience of each employer from December 31, 2002, which is the earliest date for which reliable data was available. The December 31, 2009 valuation was the first to incorporate the new "depooled" employer contribution rates.

CCCERA's membership as of December 31, 2011 and 2010 is presented below.

	<u>2011</u>	<u>2010</u>
Retirees and Beneficiaries Receiving Benefits	8,085	7,559
Inactive Vested Members Entitled to but not yet Receiving Benefits	2,214	2,231
Current Employees:		
Vested:		
General Employees	5,119	5,166
Safety Employees	1,121	1,112
Non-Vested:		
General Employees	2,064	2,160
Safety Employees	<u>325</u>	<u>373</u>
TOTAL MEMBERSHIP	<u>18,928</u>	<u>18,601</u>

CCCERA, with its own governing board, is an independent governmental entity, separate and distinct from the County of Contra Costa. CCCERA 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.



Benefit Provisions

The Plan is currently divided into eight benefit levels in accordance with the 1937 Act. These levels are known as General Tier I, enhanced and non-enhanced; Tier II; Tier III, enhanced and non-enhanced; Safety Tier A, enhanced and non-enhanced; and Safety Tier C, 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, 2011, 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. (This election is no longer a reciprocal option.) As of December 31, 2011, 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.

In March 2010, the Board agreed to adopt a change to terminal pay elements for members with membership dates on or after January 1, 2011. See Note 6, Contributions, for further description.

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. Previously, disability retirements were 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 were 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 General - 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 (service retirement), and Safety Tier A members; and four percent for Tier II (service and disability retirement) and Tier III (disability retirement) 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 County Employees 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 a 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 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, Willows Office Park, a real estate investment, is appraised every three years, with the most recent appraisal being September 30, 2010.

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, 2011 and 2010.

Capital Assets

Capital assets, consisting of software, leasehold improvements, furniture, and office equipment, are presented at historical cost, less accumulated depreciation and 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/amortized. 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 2011 and 2010, this amount totaled \$159,024 and \$78,707, respectively. Depreciation/amortization is calculated using the straight-line method, with estimated lives of ten years for all leasehold improvements and pension administration system assets, and ranging from four to five years for office equipment. Depreciation/amortization for the years ended December 31, 2011 and 2010 was \$216,116 and \$215,062, respectively. Accumulated depreciation/amortization for the years ended December 31, 2011 and 2010, was \$1,728,490 and \$1,512,374, respectively.

Compensated Absences

The December 31, 2011 and 2010 liability for accumulated annual leave earned by CCCERA employees totaling \$228,126 and \$239,124, 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 accounting principles generally accepted 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.

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 Collateralized Mortgage Obligations (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, 2011:

INVESTMENT MATURITIES (IN YEARS)
(DOLLARS IN THOUSANDS)

Investment Type	Less than 1 year	1-5 years	6 -10 years	More than 10 years	Fair Value
Collateralized Mortgage Backed Securities (CMBS)	\$ 22,873	\$ 83,667	\$ 93,534	\$ 144,951	\$ 345,025
Collateralized Mortgage Obligations (CMO)	-	499	15,258	63,504	79,261
Commercial Paper	5,400	-	-	-	5,400
Corporate Bonds	33,580	170,619	280,720	34,903	519,822
Private Placements	-	125,381	46,940	128,285	300,606
Short-Term Investment Fund (STIF) Instruments	102,122	-	-	141,317	243,439
U.S. Treasury Notes & Bonds	14,743	78,257	29,012	22,368	144,380
U.S. Agencies (GNMA, FNMA, FHLMC)	-	70,083	67,740	256,623	394,446
TOTALS:	\$178,718	\$528,506	\$533,204	\$ 791,951	\$2,032,379

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 the 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 in non-interest bearing accounts was \$1,129,629 (which are included in cash equivalents) and the bank balance was \$1,135,808. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) fully guaranteed all funds in non-interest bearing transaction deposit accounts held at FDIC insured depository institutions.

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 issuer 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 Global 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 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 Global Fixed Income Portfolio must meet the same credit qualities as the Core Plus Fixed Income Portfolio listed on page 35 and is restricted to the following:

- Obligations of the U.S. Treasury.
- Obligations guaranteed by an agency of the United States.
- Government agency, quasi-government, and supranational bonds.
- Certificates of deposit and banker's acceptance of credit-worthy banks.
- Corporate, asset backed, and mortgage backed securities and structured notes and other evidences of debt, rated Baa or better by Moody's Investor Services or rated BBB or better by Standard & Poor's.
- Eligible instruments issued pursuant to SEC rule 144(a) or Regulation S.
- Commercial paper (including variable rate notes) of issuers rated P-1 by Moody's Investor Services and 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.
- Portfolio 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 a total of 2% of the fixed income portfolio at cost.
- Currency Forwards and Non-Deliverable Forwards (NDFs). Such currency forwards shall only be with counterparty banks with A or better credit ratings by Standard & Poor's or Moody's.
- Fixed income futures, 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.
- Other securities as detailed in accordance with the Investment Manager's agreement with CCCERA.

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2011 as rated by Standard & Poor's (**Dollars in Thousands**):

Quality Ratings	Fair Value
AAA	\$ 463,193
AA+	357,394
AA	13,596
AA-	26,565
A+	49,957
A	62,382
A-	59,556
BAA	52,696
BBB+	38,755
BBB	65,544
BBB-	55,998
BB+	16,791
BB	13,900
BB-	18,210
B+	44,612
B	58,910
B-	68,122
CCC+	17,882
CCC	14,610
CCC-	917
CC	1,222
D	5,628
NA	5,388
NR	524,000
Total Credit Risk Fixed Income Securities	\$2,035,828

Investment Type	Quality Rating Range
Asset-backed securities*	AAA to CCC
Convertible bonds	Not rated
CMBS	AAA
CMO*	AAA to D
Corporate bonds*	AAA to C
Municipals	AAA to BBB+
Private placements	AA+ to BB
Real estate investment trust*	A- to B-
Short-term	Not rated
U.S. & foreign agencies*	AAA to B
Mutual funds	Not rated
*Investment type contained one or more investments that were not rated.	

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, 2011 is as follows
(Dollars in Thousands):

<u>Currency</u>	<u>Fixed Income</u>	<u>Equity</u>	<u>Total</u>
Australian Dollar	\$ 18,776	\$ 7,489	\$ 26,265
Bermudian Dollar	-	1,379	1,379
Brazilian Dollar	1,783	9,544	11,327
Canadian Dollar	10,219	18,135	28,354
Swiss Franc	3,953	26,044	29,997
Chilean Peso	2,842	2,149	4,991
Yuan Renminbi-China	-	2,887	2,887
Columbian Peso	5,669	-	5,669
Danish Krone	1,978	3,511	5,489
Euro	65,393	165,722	231,115
British Pound Sterling	22,442	150,046	172,488
Hong Kong Dollar	1,200	23,370	24,570
Indonesian Rupiah	3,306	5,051	8,357
Israel Shekel	71	1,365	1,436
Indian Rupee	-	4,950	4,950
Japanese Yen	23,404	107,602	131,006
Republic of Korea Won	4,501	16,084	20,585
Mexican Peso	7,991	838	8,829
Ringgit-Malaysia Dollar	803	4,169	4,972
Norwegian Krone	10,967	4,254	15,221
New Zealand Dollar	6,898	1,143	8,041
Balboa/Panama	-	373	373
Philippines Peso	-	635	635
Polish Zloty	8,720	-	8,720
Swedish Krona	6,601	7,185	13,786
Singapore Dollar	820	6,969	7,789
Thailand Bait	685	2,176	2,861
Turkey Lira	-	1,414	1,414
South African Rand	3,416	4,251	7,667
Total Securities Subject to Foreign Currency Risk	<u>\$212,438</u>	<u>\$578,735</u>	<u>\$791,173</u>

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 \$250 thousand 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 2012. 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, 2011, is \$283.3 million which was collateralized by cash in the amount of \$289.9 million. The fair value of the cash collateral in the amount of \$289.9 million has been reported both as an asset and liability in the accompanying Statement of Plan Net Assets.

SECURITIES LENDING

The following securities were on loan and collateral received as of December 31, 2011
(Dollars in Thousands):

<u>Securities on Loan</u>	<u>Market Value of Securities on Loan</u>	<u>Cash Collateral*</u>	<u>Non-Cash Collateral</u>	<u>Calculated Mark*</u>	<u>Collateral Percentage</u>
U.S. Corporate Fixed and Equity	\$126,178	\$129,689	-	\$(448)	102.4%
U.S. Government	157,151	160,162	-	198	102.0%
Total	\$283,329	\$289,851	-	\$(250)	102.2%

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

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2011, the derivative instruments held by CCCERA are considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. The gains and losses from this activity are recognized as incurred in the Statement of Changes in Plan Net Assets.

CCCERA currently employs external investment managers to manage its assets as permitted by the California Government Code and CCCERA's investment policy and specific managers hold investments in swaps, options, futures, forward settlement contracts, rights, and warrants and enter into forward foreign currency exchange security contracts within fixed income financial instruments. The fair value of options, futures, rights, and warrants is determined based upon quoted market prices. The fair value of derivative investments that are not exchange traded, such as swaps, and TBAs (To Be Announced) is determined by an external pricing service using various proprietary methods, based upon the type of

derivative instrument. Futures contracts are marked to market at the end of each trading day, and the settlement of gains or losses occur on the following business day through variation margins. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

Forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign securities. Due to the level of risk associated with certain derivative investment securities, it is conceivable that changes in the values of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements.

CCCERA could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. CCCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CCCERA anticipates that the counterparties will be able to satisfy their obligations under the contracts. The following is a summary of derivative instruments at December 31, 2011 with the net appreciation/(depreciation) that has occurred during the year:

FAIR VALUE AS OF DECEMBER 31, 2011 (DOLLARS IN THOUSANDS)

Investment Derivatives by Type	Net Appreciation/ (Depreciation) in Fair Value Amount	Classification	Fair Value	Notional Amount
Credit Default Swaps Bought	\$ 527	Debt Securities	\$ 158	\$ 27,270
Credit Default Swaps Written	(511)	Debt Securities	(118)	15,750
Fixed Income Futures - Long	5,567	Debt Securities	-	25,500
Fixed Income Futures - Short	(2,020)	Debt Securities	-	(23,056)
Fixed Income Options - Bought	(23)	Debt Securities	2	3,800
Fixed Income Options - Written	319	Debt Securities	(6)	(7,900)
Futures Options Written	98	Debt Securities	-	-
FX Forwards	4,265	Contracts	1,062	245,374
Index Futures - Long	4,053	Various	-	180
Index Futures - Short	(8)	Various	-	-
Pay Fixed Interest Rate Swaps	(5,199)	Debt Securities	(799)	40,280
Receive Fixed Interest Rate Swaps	4,821	Debt Securities	608	37,308
Warrants	(158)	Equities	204	64
Total	\$ 11,731		\$ 1,111	

Valuation methods are more fully described in Note 2 to the basic financial statements. CCCERA's derivative instruments that are not exchange traded, including the swaps disclosed above, are valued using methods employed for debt securities. CCCERA's investment policy does not require collateral to be held for derivative investments.

Futures contracts are instruments that derive their value from underlying indices or reference rates and are marked to market daily. Settlement of gains or losses occur the following business day. As a result, those instruments and other similar instruments do not have a fair value at December 31, 2011, or any other trading day. Daily settlement of gains and losses enhances internal controls as it limits counterparty credit risk. Futures variation margin accounts are also settled daily and recognized in the financial statements under net appreciation/(depreciation) in fair value as they are incurred.

Foreign currency contracts are obligations to buy or sell a currency at a contractual exchange rate and quantity on a specific date in the future. The fair value of the foreign currency forwards is the unrealized gain or loss calculated as the difference between the contractual exchange rate and the closing exchange rate as of December 31, 2011.

Counterparty Credit Risk

Counterparty credit ratings of CCCERA's non-exchange traded investment derivative instruments (approximately \$3.3 million) and subject to loss as of December 31, 2011, ranged from A to AA in various decrements by the various rating agencies. No instruments that were non-exchange traded lacked ratings. In a case where a wholly owned broker-dealer does not engage the rating companies for a standalone rating, the subsidiary is assigned the parent company rating as the broker-dealer is an integral part of their business model(s). With the exception of forward trade commitments, CCCERA has a policy of requiring collateral posting provisions in non-exchange traded derivative instruments where it is market practice. As of December 31, 2011, CCCERA doesn't hold any collateral related to its non-exchange traded derivative instruments. The approximate \$3.3 million represents the maximum loss that would be recognized at December 31, 2011, should the counterparties fail to perform. While no netting arrangements are used by CCCERA, the amount represents a net position of exposure for similar instruments.

Derivative Instruments Subject to Credit Risk

As of December 31, 2011, the following is a table of investment providers that are subject to credit risk, percentage of net exposure, and ratings:

INVESTMENT PROVIDER EXPOSURE TO CREDIT RISK AT DECEMBER 31, 2011

Counterparty	Percentage of Net Exposure	Standard & Poor's
HSBC Bank USA	34%	AA-
CitiBank N.A.	21%	A
JP Morgan Chase Bank	9%	A+
Deutsche Bank AG - Frankfurt	6%	A+
Credit Suisse London Branch (GFX)	6%	A+
Canadian Imperial Bank of Commerce	3%	A+
HSBC Bank PLC	3%	AA-
Goldman Sachs + Co	2%	A-
Bank of New York	2%	A+
JP Morgan Chase Bank N.A.	2%	A+
Deutsche Bank AG - London	2%	A+
Mellon Bank NA	2%	A+
UBS AG London	2%	A
UBS AG	1%	A
Morgan Stanley and Co. International	1%	A-
Barclays Bank PLC	1%	A+
Goldman Sachs International	1%	A-
Barclays Capital	1%	A+
HSBC Bank USA, N.A., Singapore Branch	1%	AA-
10 others	<u>Less than 1%</u>	Not rated to AA-
Total	<u>100%</u>	

Custodial Credit Risk

The custodial credit risk for exchange traded derivative instruments is made in accordance with custodial credit risk disclosure requirements outlined in Generally Accepted Accounting Principles (GAAP). As of December 31, 2011, all of CCCERA's investments are held in CCCERA's name and are not subject to custodial credit risk.

Interest Rate Risk

As of December 31, 2011, CCCERA is exposed to interest rate risk on its swaps and options. Since CCCERA's investment managers can buy and sell the swaps and options on a daily basis, the investment managers actively manage the portfolio to minimize interest rate risk and it is unlikely that the swaps and options will be held to maturity. The total fair value subject to interest rate risk as of December 31, 2011 and maturities are as follows (**Dollars in Thousands**):

Investment Derivatives by Type	Fair Value	Less Than			More than 10 Years
		1 Year	1-5 Years	6-10 Years	
Credit Default Swaps Bought	\$ 158	\$ -	\$ 158	\$ -	\$ -
Credit Default Swaps Written	(118)	-	(118)	-	-
Fixed Income Options Bought	2	2	-	-	-
Fixed Income Options Written	(6)	(6)	-	-	-
Pay Fixed Interest Rate Swaps	(799)	-	(86)	(88)	(625)
Receive Fixed Interest Rate Swaps	608	-	72	297	239
Total	<u>\$(155)</u>	<u>\$ (4)</u>	<u>\$ 26</u>	<u>\$209</u>	<u>\$(386)</u>

The interest rate swaps and options are highly sensitive to interest rate changes. As of December 31, 2011, they had a fair value of approximately \$81 thousand and an approximate notional value of \$119 million.

Foreign Currency Risk in International Investment Securities

CCCERA is exposed to foreign currency risk on its various investments denominated in foreign currencies. As of December 31, 2011, the following currencies were either in a receivable position (purchased) or payable position (sold) with net exposure, denominated in United States Dollars:

FAIR VALUE IN UNITED STATES DOLLARS AS OF DECEMBER 31, 2011 (DOLLARS IN THOUSANDS)

Currency Name	Net Receivable (Purchased)	Net Payable (Sold)	Swaps	Exposure
Australian Dollar	\$ 57	\$ (376)	\$ -	\$ (319)
Brazilian Real	(3)	32	52	81
Canadian Dollar	17	(13)	-	4
Chilean Peso	-	16	-	16
Columbian Peso	-	138	-	138
Danish Krone	(332)	-	-	(332)
Euro Currency	(74)	888	81	895
Hong Kong Dollar	7	-	-	7
Indian Rupee	(103)	-	-	(103)
Indonesian Rupiah	-	(52)	-	(52)
Japanese Yen	348	(41)	-	307
Malaysian Ringgit	(43)	(9)	-	(52)
Mexican Peso	(55)	40	15	-
New Taiwan Dollar	(40)	52	-	12
New Zealand Dollar	9	(63)	-	(54)
Norwegian Krone	(24)	399	-	375
Polish Zloty	-	118	-	118
Pound Sterling	(14)	62	-	48
Singapore Dollar	(10)	(8)	-	(18)
South African Rand	-	(25)	-	(25)
South Korean Won	(52)	(12)	-	(64)
Swedish Krona	45	69	-	114
Swiss Franc	(11)	-	-	(11)
Yuan Renminbi	141	(16)	-	125
Total	<u>\$(137)</u>	<u>\$ 1,199</u>	<u>\$ 148</u>	<u>\$ 1,210</u>

Contingent Features

As of December 31, 2011, CCCERA held no investments with contingent features.

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 2.59% and 20.95% of their annual covered salary, depending on their employer, tier, and benefit. Certain County Safety (including Contra Costa Fire Protection District) 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.

Effective October 1, 2011, the County subsidy for the management employee basic retirement contribution was eliminated. Employees are now responsible for paying 100% of both the employee's basic contribution and COLA as adopted by the Retirement Board. See Note 13, Subsequent Events, regarding contribution changes for County employees within the Labor Coalition and new hires on or after January 1, 2012.

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 approval 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, 2011, contributions totaled approximately \$262.0 million which included \$200.4 million in employer contributions and \$61.6 million 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. Government 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 52.

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.

In March 2010, the Board adopted a policy change for members with membership dates on or after January 1, 2011. Under this amended policy, certain terminal pay elements are no longer included in the determination of compensation for retirement purposes. At its April 13, 2011 meeting, the Board voted to develop terminal pay assumptions by cost group, beginning with the December 31, 2009 valuation. CCCERA's actuary prepared contribution rates that became effective for both employee and employer on July 1, 2011, for those members with membership dates on or after January 1, 2011.

NOTE 7. FUNDED STATUS

CCCERA's funded status based on the most recent actuarial valuation performed by The Segal Company as of December 31, 2010, is as follows:

SCHEDULE OF FUNDED STATUS (DOLLARS IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial 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)
12/31/10	\$5,341,822	\$6,654,037	\$1,312,215	80.3%	\$687,443	190.9%

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

Disclosure of Information about Actuarial Methods and Assumptions

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, 2010
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 12 years remaining as of December 31, 2010. 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	7.75%
Inflation Rate	3.50%
Real Across-the-Board Salary Increases	.75%
Projected Salary Increases - General	5.00% to 13.25%**
Projected Salary Increases - Safety	5.00% to 13.75%

Post Retirement Cost-of-Living Adjustments Contingent upon Consumer Price Index Increases

Tier 1 Service and Disability	3% maximum
Tier 2 Service and Disability	4% maximum (valued at 3.50%)
Tier 3 Service	3% maximum
Tier 3 Disability	4% maximum (valued at 3.50%)
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 3.50% plus "across-the-board" salary increases of 0.75%, 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 (GASB) 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 account 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 method. This method smoothes only the semi-annual deviation of total market return (net of expenses) from the return target, 7.75 percent per annum.

Reserved and designated net assets as of December 31, 2011 and 2010 are as follows (**Dollars in Thousands**):

	2011	2010
Valuation Reserves:		
Member Deposits	\$ 619,226	\$ 553,112
Member Cost-of-Living	291,621	250,439
Employer Advance	2,066,275	1,777,531
Employer Cost-of-Living	1,289,966	1,144,168
Retired Member	1,496,424	1,634,131
Retired Cost-of-Living	722,344	739,891
New Dollar Power Cost-of-Living Supplement and Pre-Fund	14,281	14,605
Smoothed Market Value Valuation	250,370	231,983
Contra Tracking Account	(1,323,787)	(1,004,038)
Total Valuation Reserves	<u>5,426,720</u>	<u>5,341,822</u>
Supplemental Reserves:		
Post Retirement Death Benefit	<u>14,400</u>	<u>14,149</u>
Other Reserves/Designations:		
Statutory Contingency Reserve (one percent)	<u>-</u>	<u>-</u>
Total Allocated Reserves/Designations	5,441,120	5,355,971
Market Stabilization Account	<u>(388,830)</u>	<u>(328,814)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 5,052,290</u>	<u>\$ 5,027,157</u>

NOTE 9. 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 Grubb & Ellis Management Services. 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 September 30, 2016. These future minimum rental payments as of December 31, 2011, are as follows:

Year ending December 31	Amount
2012	\$ 331,964
2013	342,911
2014	353,857
2015	364,803
2016*	279,760
TOTAL	<u>\$ 1,673,295</u>

*Lease expires September 30, 2016

NOTE 10. 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 11. 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, 2011.

INSTALLMENT PAYMENTS DUE FROM PAULSON FINAL LIABILITY (DOLLARS IN THOUSANDS)

	<u>Contra Costa County</u>
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	\$ 2,760
Original Principal	\$ 28,065
Receivable at December 31, 2011:	
Future Principal Payments	\$ 21,316
Interest Accrued for 2011	\$ 711
	\$ 22,027

NOTE 12. 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 13. SUBSEQUENT EVENTS

CCCERA filed an application with the Internal Revenue Service (IRS) for a "Letter of Determination" within Cycle E, which ended on January 31, 2011. A "Letter of Determination" is a favorable ruling from the IRS stating that the terms of the retirement plan comply with applicable provisions of the Internal Revenue Code and IRS rules. The most recent CCCERA "Letter of Determination" had been issued on February 23, 1987. As of the date of this report, CCCERA's application is still pending with the IRS.

On December 15, 2011, CCCERA filed a lawsuit against the County of Contra Costa and its Auditor/Controller, to confirm the Retirement Board's independent authority to set the terms of employment for its own staff members. CCCERA's suit seeks to reverse the County's action as to CCCERA's staff and allow the Retirement Board to independently determine the personnel, salaries, and benefits it believes are necessary to meet the needs of the trust fund.

The Retirement Board approved a \$75 million capital commitment to LaSalle Income & Growth Fund VI at its November 22, 2011 meeting, subject to due diligence, and legal review. The contract with LaSalle Investment Management was signed on January 20, 2012.

The Retirement Board approved a \$75 million capital commitment to DLJ Real Estate Capital Partners V, L.P. (RECP V) at its February 22, 2012 meeting, subject to due diligence and legal review. The Chief Executive Officer (CEO) was authorized to sign the necessary contract, which will be executed by the end of June 2012.

On March 23, 2012, CCCERA announced the hiring of a new Chief Investment Officer (CIO) effective April 30, 2012. Timothy Price, CFA, has over 12 years in the investment consulting field, seven of which have been working directly on CCCERA's investments. CCCERA anticipates a smooth transition with this hiring.

The Retirement Board, at its March 28, 2012 meeting, terminated Tradewinds Global All Cap Portfolio, a global equity manager, due to the departure of key personnel. Tradewinds founder and CIO, who is also the lead portfolio manager, and three analysts, are leaving the firm. The Board directed Milliman, CCCERA's investment consultant, to conduct a search for a similar strategy in a global high conviction equity investment manager.

The Retirement Board approved a \$60 million capital commitment to Torchlight Debt Opportunities Fund IV at its March 28, 2012 meeting, subject to due diligence, and legal review. The CEO was authorized to sign the necessary contract, which will be completed by the end of June 2012.

At the May 2, 2012 Board Meeting, the Retirement Board adopted the Optional Settlement 4 Policy. This policy features one complimentary final election calculation for potential multiple beneficiaries, but charges a fee for additional calculations that require consulting actuary calculations. The Optional Settlement 4 is one of the current benefit payment options.

On May 23, 2012, the Retirement Board authorized CCCERA to execute the Property Management Contract and Lease Brokerage Contract with Transwestern, subject to successful due diligence and legal review of the contracts. CCCERA requested termination of its contract for Property Management and Leasing Services with Grubb & Ellis, effective May 11, 2012 based on the company having filed a bankruptcy petition.



Effective January 1, 2012, employees within the Labor Coalition are responsible for the payment of 100% of the employees' basic retirement benefit contributions, determined annually by the Retirement Board, without the County paying any part of the employees' contributions. These employees are also responsible for the payment of the employees' contributions to the retirement cost-of-living program as determined annually by the Retirement Board without the County paying any part of the employees' contribution. This will have no impact on the total contributions paid to CCCERA.

Contra Costa County will be introducing legislation in the current session to adopt a new Tier IV for employees hired or re-hired after December 31, 2012, and a new Tier D for Safety members. Tier IV retirement formula will be two percent at sixty years of age ("2% at 60"). The cost-of-living adjustment to this retirement allowance will not exceed two percent per year, and the cost-of-living adjustment will be banked. For Safety members, Tier D retirement formula will be three percent at fifty-five years of age. The cost-of-living adjustment to the retirement allowance will not exceed two percent per year, and the cost-of-living adjustment will be banked. Under both Tier IV and Tier D, employee's final compensation will be based on his/her average annual compensation earnable during a consecutive thirty-six month period.

Subsequent events were evaluated through June 15, 2012, which is the date the financial statements were available to be issued. CCCERA did not have any other events requiring recording or disclosure in the financial statements for the year ended December 31, 2011.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (DOLLARS IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial 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)
12/31/05	\$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%
12/31/09	5,290,114	6,314,787	1,024,673	83.8%	694,444	147.6%
12/31/10	\$5,341,822	\$6,654,037	\$1,312,215	80.3%	\$687,443	190.9%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS (DOLLARS IN THOUSANDS)

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2005	\$ 147,165 **	100.0%
2006	179,755 ***	100.0%
2007	196,930	100.0%
2008	206,519	100.0%
2009	195,614	100.0%
2010	\$ 183,951	100.0%

** Excludes Consolidated Fire and Moraga-Orinda Fire District's pension obligation bond proceeds of \$124.9 million and \$28.2 million, respectively.

*** Excludes City of Pittsburg pension obligation bond proceeds of \$11.7 million.

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, 2008, became effective on July 1, 2010).

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, 2011 AND 2010
(DOLLARS IN THOUSANDS)

	2011	2010
Personnel Services:		
Salaries and Wages	\$ 2,654	\$ 2,238
Employee Retirement	1,741	1,389
TOTAL PERSONNEL SERVICES	4,395	3,627
 Professional Services:		
Actuary - Benefit Statement	59	59
Computer and Software Services and Support	340	235
County Counsel - Disability	109	82
Disability Hearing Officer/Medical Reviews	30	23
External Audit Fees	48	51
Contra Costa Dept of Information Technology	55	88
Newsletters	22	25
Other Professional Services	223	145
TOTAL PROFESSIONAL SERVICES	886	708
 Office Expenses:		
Office Leases	376	344
Office Supplies	53	56
Minor Equipment and Computer Supplies	4	1
Postage	56	61
Equipment Lease	27	24
Requested Maintenance	20	2
Communications/Telephone	33	34
Printing and Publications	26	27
TOTAL OFFICE EXPENSES	595	549
 Miscellaneous:		
Fiduciary and Staff - Education/Travel	63	61
Fiduciary and Staff - Meetings/Other Travel	3	2
Insurance	108	104
Memberships	24	17
TOTAL MISCELLANEOUS	198	184
 Depreciation and Amortization	216	215
 TOTAL ADMINISTRATIVE EXPENSES	\$ 6,290	\$ 5,283

SCHEDULE OF INVESTMENT EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(DOLLARS IN THOUSANDS)

	2011	2010
Investment Management Fees, by portfolio:		
Stocks	\$ 9,348	\$ 8,216
Bonds	6,053	6,571
Real Estate	6,020	6,692
Alternative	7,123	6,864
Cash and Short-Term	<u>13</u>	<u>11</u>
TOTAL INVESTMENT MANAGEMENT FEES	<u>28,557</u>	<u>28,354</u>
Investment Consulting Fees:		
Consulting Services	340	255
Attorney Services	47	78
Actuarial Services	<u>375</u>	<u>297</u>
TOTAL INVESTMENT CONSULTING FEES	<u>762</u>	<u>630</u>
Investment Custodian Fees	<u>735</u>	<u>784</u>
Other Investment Related Expenses	<u>640</u>	<u>707</u>
TOTAL INVESTMENT EXPENSES	<u>\$ 30,694</u>	<u>\$ 30,475</u>



Investment Section





REPORT ON INVESTMENT ACTIVITY



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17th Floor
San Francisco, CA 94108
USA
Tel +1 415 403 1333
milliman.com

March 14, 2012

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

Re: *Review of 2011 Investment Returns*

Members of the Board:

The Contra Costa County Employees' Retirement Association (CCCERA) experienced positive returns for the calendar year ending December 31, 2011, and ranked well relative to the universe of peer funds. Returns were modest due to poor market returns, primarily on the back of concerns about the U.S. and European public debts. As a result, the 2011 results lagged the actuarial interest rate.

Total Fund Performance

CCCERA's Total Fund returned 2.7% for the one-year period ending December 31, 2011, trailing the 7.75% actuarial interest rate and the 7.1% return for the performance objective of the CPI plus 400 basis points. Relative to peer universe comparisons, CCCERA's 2011 performance exceeded the median total fund return of 0.8% and the median public fund return of 1.1%, ranking in the 21st percentile in the universe of total funds and the 13th percentile in the universe of public funds.

Domestic Equity Performance

CCCERA's domestic equities returned 1.1% for 2011, exceeding the 1.0% return of the Russell 3000 Index but trailing the 2.1% return of the S&P 500 Index. CCCERA's domestic equities exceeded the 0.0% return for the median equity manager for the one-year period ending December 31, 2011, ranking in the 39th percentile in the universe of domestic equity managers.

International Equity Performance

For the calendar year 2011, CCCERA's international equities returned -11.5%. This performance exceeded the 2011 return of -11.7% for the MSCI EAFE Index, and the 2011 return of -13.3% for the median international equity manager. CCCERA's international equities ranked in the 34th percentile of the universe of international equity portfolios for the one-year period ending December 31, 2011.

Global Equity Performance

For the calendar year 2011, CCCERA's global equities returned -5.6%. This performance exceeded the 2011 return of -6.9% for the MSCI ACWI Index, and the 2011 return of -12.5% for the median global equity manager. CCCERA's international equities ranked in the 13th percentile of the universe of international equity portfolios for the one-year period ending December 31, 2011.

Domestic Fixed Income Performance

CCCERA's total domestic fixed income returned 7.2% for the one-year period ending December 31, 2011, trailing the 7.8% return of the Barclays Aggregate Index, but above the 6.2% return of the median fixed income manager. For 2011, CCCERA's domestic fixed income performance ranked in the 35th percentile in the universe of fixed income managers.



Global Fixed Income Performance

For the calendar year 2011, CCCERA's global fixed income returned 5.6%. This performance matches the 5.6% return of the Barclays Global Aggregate Index and exceeded the 3.7% return of the median global fixed income manager. CCCERA's global fixed income portfolio ranked in the 21st percentile in the universe of global fixed income portfolios for the one-year period ending December 31, 2011.

Opportunistic Investment Performance

For the one-year period ending December 31, 2011, CCCERA's combined opportunistic investment portfolio had a return of -6.6%.

Real Estate Performance

In 2011, CCCERA's combined real estate portfolio returned 10.4%, trailing the 14.3% return of the NCREIF Property Index and the 11.4% return of the median real estate portfolio. CCCERA's combined real estate portfolio ranked in the 51st percentile in the universe of real estate portfolios for the one-year period ending December 31, 2011.

Alternative Investment Performance

For the one-year period ending December 31, 2011, CCCERA's combined alternative investment portfolio had excellent performance. The combined alternative investment portfolio had a 2011 calendar year return of 13.4%, well above the Standard and Poors +400 basis points return of 6.2%. (Several components of the combined alternative investment composite are reported on a lagging quarter basis due to financial data reporting constraints.)

Asset Allocation

As of December 31, 2011, CCCERA's market value of assets is \$5.1 billion, a slight increase from the December 31, 2010 market value of \$5.0 billion.

CCCERA assets, as of December 31, 2011, were above target in investment grade fixed income (28.8% vs. 27.8%) and real estate (11.9% vs. 11.5%). Asset classes below their respective targets included alternatives (5.8% vs. 7.0%). All other asset classes were near their respective targets. (Assets earmarked for alternative investments are temporarily invested in U.S. 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,



Robert Helliesen, CFA

Principal and Senior Investment Consultant





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. This is accomplished by the implementation of a carefully planned and executed long-term investment program.

The California Constitution and Government Code Sections 31594 and 31595 authorize the Board of Retirement (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, 2011, the total fund gain was 2.7%, less than the targeted return of 7.1% (CPI plus 400 basis points), and greater than the median public fund return of 1.1%.

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 returns.



INVESTMENT RESULTS BASED ON FAIR VALUE*

AS OF DECEMBER 31, 2011

	CURRENT <u>YEAR</u>	<u>3 YEAR</u>	ANNUALIZED <u>5 YEAR</u>	<u>10 YEAR</u>
DOMESTIC EQUITY	1.1%	15.9%	0.7%	3.2%
Benchmarks: S&P 500	2.1%	14.1%	-0.3%	2.9%
Russell 2000	-4.2%	15.6%	0.2%	5.6%
Russell 3000	1.0%	14.9%	-	3.5%
INTERNATIONAL EQUITY	-11.5%	5.7%	-5.3%	5.1%
Benchmarks: MSCI EAFE Index	-11.7%	8.2%	-4.3%	5.1%
MSCI ACWI ex-US	-13.3%	11.2%	-2.5%	6.8%
GLOBAL EQUITY**	-5.6%	-	-	-
Benchmarks: MSCI World Index	-5.0%	11.8%	-1.8%	4.2%
DOMESTIC FIXED INCOME	7.2%	11.8%	6.3%	6.6%
Benchmarks: Barclays Aggregate	7.8%	6.8%	6.5%	5.8%
Barclays Universal	7.4%	7.7%	6.4%	6.0%
Merrill Lynch HY II	4.4%	23.7%	7.4%	8.6%
T-Bills	0.1%	0.1%	1.5%	2.0%
GLOBAL FIXED INCOME***	5.6%	8.6%	-	-
Benchmark: Barclays Global Aggregate	5.6%	6.0%	-6.7%	-
REAL ESTATE	10.4%	10.0%	-3.3%	9.1%
Benchmarks: NCREIF Property Index	14.3%	2.4%	3.1%	8.1%
Wilshire REIT	9.2%	21.8%	-2.0%	10.2%
OPPORTUNISTIC****	-6.6%	-	-	-
ALTERNATIVE INVESTMENTS	13.4%	7.3%	10.0%	10.3%
S&P 500 + 400 bps	6.2%	18.6%	3.8%	7.0%
TOTAL FUND	2.7%	12.6%	2.4%	6.2%
CPI + 400 bps	7.1%	6.5%	6.4%	6.9%

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

** Global Equity Manager hired in September 2010.

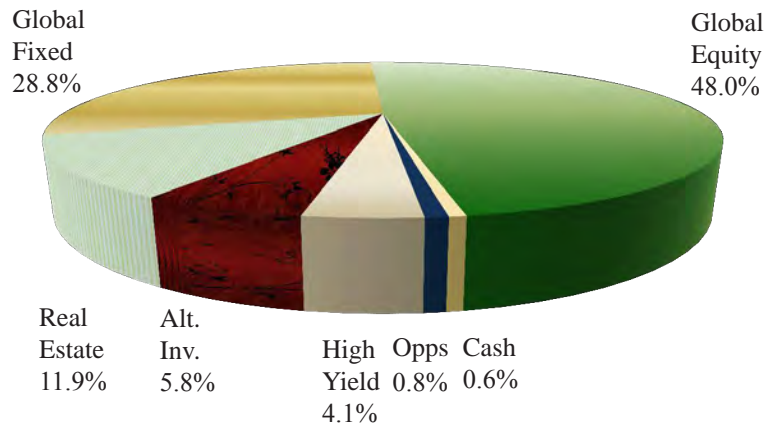
*** Global Fixed Income Manager hired in December 2007.

**** Opportunistic Fund Managers hired in 2010.

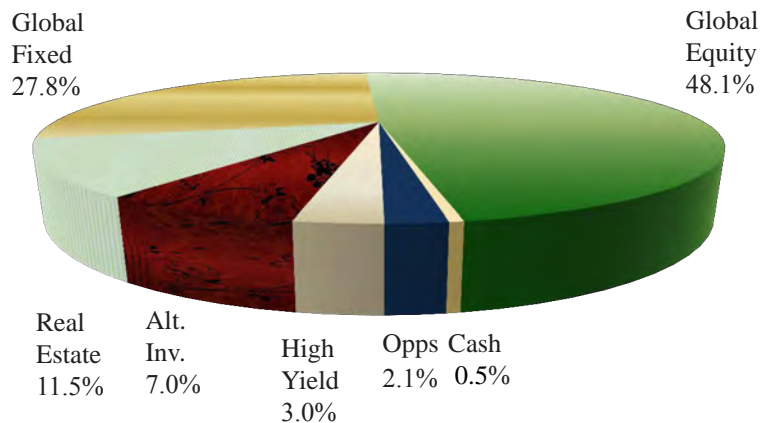


The asset allocation is an integral part of the Investment Policy. If a new asset class is implemented or a current asset class is expanded, the plan’s policy is modified to reflect the change or revision. The Board implements the asset allocation plan by hiring active investment managers to invest assets 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 charts:

AS OF DECEMBER 31, 2011



Actual Asset Allocation



Target Asset Allocation



10 LARGEST EQUITY HOLDINGS AS OF 12/31/11

(DOLLARS IN THOUSANDS)

CUSIP	SHARES	SECURITY NAME	FAIR VALUE
037833100	93,995	APPLE INC	\$ 38,068
747525103	419,900	QUALCOMM INC	22,969
38259P508	34,207	GOOGLE INC CL A	22,094
717081103	1,001,077	PFIZER INC	21,663
26875P101	203,095	EOG RESOURCES INC	20,007
57636Q104	48,600	MASTERCARD INC CLASS A	18,119
92826C839	177,520	VISA INC CLASS A SHARES	18,024
30231G102	205,540	EXXON MOBIL CORP	17,422
45865V100	138,000	INTERCONTINENTALEXCHANGE INC	16,636
461202103	305,000	INTUIT INC	16,040

TOTAL LARGEST EQUITY HOLDINGS \$ 211,042

10 LARGEST FIXED HOLDINGS AS OF 12/31/11

(DOLLARS IN THOUSANDS)

CUSIP	SECURITY NAME	COST	FAIR VALUE
02R040649	FHLMC GOLD SINGLE FAMILY 4.00	\$ 16,703	\$ 16,757
02R032646	FEDERAL HOME LOAN MORTGAGE COR	13,961	13,978
912828PW4	US TREASURY N/B	12,021	12,006
912810QT8	US TREASURY N/B	9,671	9,445
912828SF8	US TREASURY N/B	7,364	7,281
912828SJ0	US TREASURY N/B	7,322	7,278
99S0BUO24	IR202031 IRS EUR R F 2.27500	7,017	7,049
99S0A8PN7	CX001517 CDS USD R V 03MEVENT	7,015	7,032
99S0BHE81	IR201991 IRS EUR R F 2.35440	6,782	6,939
99S0ACH23	CX001540 CDS USD R F 1.00000	6,719	6,727

TOTAL LARGEST FIXED HOLDINGS \$ 94,492

A complete list of portfolio holdings is available on request.



SCHEDULE OF INVESTMENT MANAGEMENT FEES

FOR THE YEAR ENDED DECEMBER 31, 2011

(DOLLARS IN THOUSANDS)

Investment Activity

Stock Managers

Domestic	\$ 5,563
International	<u>3,785</u>
Subtotal	9,348

Bond Managers

Domestic	5,509
International	<u>544</u>
Subtotal	6,053

Real Estate Managers 6,020

Alternative Investment Managers 7,123

Cash & Short-Term with County Treasurer 13

Total Fees from Investment Activity
(see page 54) 28,557

Securities Lending Activity

Management Fee	322
Borrower Rebate	<u>(162)</u>

Total Fees from Securities Lending Activity 160

TOTAL INVESTMENT MANAGEMENT FEES **\$ 28,717**



INVESTMENT SUMMARY

AS OF DECEMBER 31, 2011

(DOLLARS IN THOUSANDS)

TYPE OF INVESTMENT	FAIR VALUE	PERCENT OF TOTAL FAIR VALUE
Deposit	\$ 1,130	0.02%
Short-Term Investments held by Fiscal Agent	534,046	9.70%
Short-Term Investments held by the County	3,447	0.06%
TOTAL SHORT-TERM INVESTMENTS	<u>538,623</u>	<u>9.78%</u>
U.S. Government and Agency Instruments	858,078	15.57%
Private Placement Bonds	300,606	5.46%
Domestic Corporate Bonds	369,891	6.72%
International Bonds	298,259	5.42%
TOTAL BONDS	<u>1,826,834</u>	<u>33.17%</u>
Domestic Stocks	1,134,123	20.59%
Global Stocks	459,237	8.34%
International Stocks	592,523	10.76%
TOTAL STOCKS	<u>2,185,883</u>	<u>39.69%</u>
REAL ESTATE	<u>588,705</u>	<u>10.69%</u>
ALTERNATIVE INVESTMENTS	<u>367,414</u>	<u>6.67%</u>
LONG-TERM INVESTMENTS AT FAIR VALUE	<u>\$ 4,968,836</u>	<u>90.22%</u>
TOTAL SHORT AND LONG-TERM INVESTMENTS	<u>\$ 5,507,459</u>	<u>100.00%</u>



INVESTMENT MANAGERS

AS OF DECEMBER 31, 2011

ALTERNATIVE ASSETS

Adams Street Partners
Bay Area Equity Fund
Carpenter Bancfund
Energy Investors Funds Group (EIF/Liberty)
Nogales Investors LLC
Paladin Capital Management
Pathway Capital Management

EQUITY - DOMESTIC

Ceredex Value Advisors
Robeco Boston Partners
Delaware Investment Advisors
Emerald Advisors, Inc
Intech
PIMCO
Wentworth, Hauser and Violich

EQUITY - INTERNATIONAL

Grantham, Mayo, Van Otterloo & Co. LLC (GMO)
William Blair & Company

FIXED INCOME - GLOBAL

Lazard Asset Management

GLOBAL EQUITY

J.P. Morgan Asset Management
First Eagle Investment Management
Tradewinds Global Investors

FIXED INCOME - DOMESTIC

AFL-CIO Housing Investment Trust
Goldman Sachs
Torchlight

OPPORTUNISTIC

Goldman Sachs
Oaktree Private Investment Fund

Lord Abbett
PIMCO

CASH & SHORT-TERM

Contra Costa County Treasurer
State Street Corporation

FIXED INCOME - HIGH YIELD

Allianz Global Investors

REAL ESTATE

Adelante Capital Management
Angelo Gordon Realty Fund VIII
Blackrock Realty
DLJ Real Estate Capital Partners LP
Long Wharf Real Estate Partners (formerly Fidelity Management Trust Company)
Hearthstone Advisors
Invesco Realty Advisors
Oaktree Real Estate Opportunities Fund V LP
Siguler Guff Distressed Real Estate Opportunities Fund

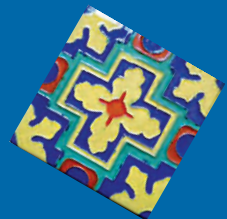
SECURITIES LENDING PROGRAM

State Street Corporation





Actuarial Section





ACTUARY CERTIFICATION LETTER

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

August 11, 2011

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, 2010 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, it is our understanding that 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. Members also contribute to the Plan according to statutory requirements.

[Benefits, Compensation and HR Consulting](#) Offices throughout the United States and Canada.



Founding Member of the Multinational Group of Actuaries and Consultants, a global affiliation of independent firms.



Board of Retirement
Contra Costa County Employees' Retirement Association
August 11, 2011
Page 2

The remaining balance of the December 31, 2007 UAAL is amortized over a decreasing period with 12 years remaining as of December 31, 2010. 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, 2010 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 mostly those adopted by the Retirement Board considering recommendations made by us following the December 31, 2009 Experience Analysis. The terminal pay assumption was changed in the December 31, 2010 valuation to now be based on cost groups. It is our opinion that the assumptions used in the December 31, 2010 valuation produce results which, in the aggregate, reasonably reflect the future experience of the Plan.

In the December 31, 2010 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities decreased from 83.8% to 80.3%, and the aggregate employer contribution rate increased from 30.49% of payroll to 34.49% of payroll.

The actuarial value of assets included \$329 million in deferred investment losses, which represented about 7% of the market value of assets. If these deferred investment losses were recognized immediately in the actuarial value of assets, the funded percentage would have decreased from 80.3% to 75.3% and the aggregate employer contribution rate, expressed as a percent of payroll, would have increased from 34.5% to 38.1%.

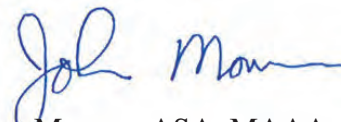
Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of December 31, 2012.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,



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



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





SUMMARY OF ASSUMPTIONS AND FUNDING METHODS

The following assumptions have been adopted by the Board for the fiscal year 2010-2011 and were used for the December 31, 2008 valuation. The rates produced by this valuation were implemented on July 1, 2010 and continued to be in effect through June 30, 2011.

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) 3% for Tiers 1, 3 and Safety (Tier A) 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 2011-2012 and were used for the December 31, 2009 valuation. The rates produced by this valuation were implemented on July 1, 2011 and will continue to be in effect through June 30, 2012.

ASSUMPTIONS

Valuation Interest Rate	7.75%
Inflation Assumption	3.50%
Real "Across-the-Board" Salary Increases	0.75%
Merit Salary Increase Assumption	1.75%
Projected Salary Increases	6.00%
Cost-of-Living Adjustments	2% for Safety (Tier C) 3% for Tiers 1, 3 and Safety (Tier A) 4% (valued at 3.50%) for Tier 3 Disability and Tier 2
Interest Rate Credited to Active Member Accounts	7.75%



Post Retirement Mortality (Data is from December 31, 2010 valuation.)

A. Healthy:

General Tier 1, Tier 2, and Tier 3

RP-2000 Combined Healthy Mortality Table set back 3 years for males and 2 years for females

Safety Members

RP-2000 Combined Healthy Mortality Table set back 3 years for males and 2 years for females

B. Disabled:

General Tier 1, Tier 2, and Tier 3

RP-2000 Combined Healthy Mortality Table set forward 4 years

Safety Members

RP-2000 Combined Healthy Mortality Table set back 2 years

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:

For General Members: RP-2000 Combined Healthy Mortality Table set back 3 years for males and 2 years for females (weighed 30% male and 70% female)

For Safety Members: RP-2000 Combined Healthy Mortality Table set back 3 years for males and 2 years for females (weighed 85% male and 15% female)

Pre-Retirement Mortality

Based upon the Experience Analysis as of 12/31/09

Withdrawal Rates

Based upon the Experience Analysis as of 12/31/09

Disability Rates

Based upon the Experience Analysis as of 12/31/09

Service Retirement Rates

Based upon the Experience Analysis as of 12/31/09

Salary Scales

Total increases of 6.00% per year reflecting approximately 3.50% for inflation, .75% for additional real "across-the-board" salary increases and approximately 1.75% for merit and longevity

Marriage Assumption At Retirement

75% for male members
50% 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 12 years remaining as of December 31, 2010. Any changes in UAAL after December 31, 2007, are separately amortized over a fixed 18-year period effective with that valuation.



PROBABILITY OF OCCURRENCE

TERMINATION RATES (%) BEFORE RETIREMENT

MORTALITY

Age	General		Safety	
	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	0.09	0.06	0.09	0.06
45	0.12	0.09	0.12	0.09
50	0.17	0.14	0.17	0.14
55	0.27	0.22	0.27	0.22
60	0.47	0.39	0.47	0.39
65	0.88	0.76	0.88	0.76

WITHDRAWAL

(<5 years of Service)

Service Years	General	Safety
0	15.00	11.00
1	9.00	7.00
2	9.00	5.00
3	6.00	4.00
4	5.00	4.00

DISABILITY General

Age	Tier 1	Tier 2 & 3	Safety
20	0.02	0.00	0.02
25	0.04	0.02	0.22
30	0.11	0.04	0.42
35	0.18	0.06	0.65
40	0.26	0.09	0.90
45	0.42	0.13	1.15
50	0.56	0.18	2.60
55	0.69	0.23	4.40
60	0.75	0.28	5.00

WITHDRAWAL

(5+ years of Service)

Age	General	Safety
20	5.00	4.00
25	5.00	4.00
30	5.00	4.00
35	5.00	3.14
40	4.73	2.39
45	3.05	1.80
50	2.42	1.24
55	1.68	0.81
60	0.00	0.00

RETIREMENT RATES (%)

Non-Enhanced Benefits

Age	Tier 1	Safety A
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	4.00	4.00	25.00	15.00
55	15.00	10.00	30.00	20.00
60	20.00	15.00	40.00	30.00
65	35.00	35.00	100.00	100.00
70	100.00	40.00	100.00	100.00



SUMMARY OF DECEMBER 31, 2010 AND 2009 VALUATION RESULTS

	December 31, 2010		December 31, 2009	
	Total Rate	Estimated Annual Amount*	Total Rate	Estimated Annual Amount**
Average Employer Contribution Rates:				
General				
Cost Group #1 - County and Small Districts (Tier 1)	31.97%	\$ 12,109,344	28.80%	\$ 12,568,917
Cost Group #2 - County and Small Districts (Tier 3)	29.60%	136,437,081	26.87%	122,777,258
Cost Group #3 - Central Contra Costa Sanitary District (Tier 1)	56.90%	13,915,075	43.26%	10,901,088
Cost Group #4 - Contra Costa Housing Authority (Tier 1)	37.12%	1,980,175	38.07%	2,036,568
Cost Group #5 - Contra Costa County Fire Protection District (Tier 1)	28.61%	1,147,301	23.35%	986,185
Cost Group #6 - Small Districts (Tier 1 Non-Enhanced)	31.05%	225,171	27.39%	200,831
Safety				
Cost Group #7 - County (Tier A)	63.23%	50,240,349	56.77%	47,016,777
Cost Group #8 - Contra Costa and East County Fire Protection District (Tier A)	52.78%	19,605,462	43.98%	17,282,119
Cost Group #9 - County (Tier C)	56.27%	4,405,712	50.15%	3,144,144
Cost Group #10 - Moraga-Orinda Fire Protection District (Tier A)	44.70%	3,529,061	37.72%	3,032,815
Cost Group #11 - San Ramon Valley Fire Protection District (Tier A)	63.55%	12,394,971	56.24%	10,958,768
Cost Group #12 - Rodeo-Hercules Fire Protection District (Tier A Non-Enhanced)	58.04%	1,310,499	46.02%	1,125,464
All Employers Combined	37.43%	\$ 257,300,201	33.41%	\$ 232,030,934
Average Member Contribution Rates:				
General				
Cost Group #1 - County and Small Districts (Tier 1)	6.49%	2,458,492	6.26%	2,729,417
Cost Group #2 - County and Small Districts (Tier 3)	6.51%	30,007,557	6.50%	29,678,870
Cost Group #3 - Central Contra Costa Sanitary District (Tier 1)	6.91%	1,689,862	6.77%	1,705,972
Cost Group #4 - Contra Costa Housing Authority (Tier 1)	7.32%	390,487	7.16%	383,027
Cost Group #5 - Contra Costa County Fire Protection District (Tier 1)	6.69%	268,278	6.66%	281,073
Cost Group #6 - Small Districts (Tier 1 Non-Enhanced)	7.70%	55,839	7.37%	54,002
Safety				
Cost Group #7 - County (Tier A)	11.32%	8,994,476	11.28%	9,342,069
Cost Group #8 - Contra Costa and East County Fire Protection District (Tier A)	15.14%	5,624,198	15.00%	5,893,891
Cost Group #9 - County (Tier C)	7.87%	616,189	7.94%	497,797
Cost Group #10 - Moraga-Orinda Fire Protection District (Tier A)	15.49%	1,222,934	15.58%	1,252,684
Cost Group #11 - San Ramon Valley Fire Protection District (Tier A)	14.84%	2,894,435	14.93%	2,909,218
Cost Group #12 - Rodeo-Hercules Fire Protection District (Tier A Non-Enhanced)	14.24%	321,529	14.00%	342,384
All Categories Combined	7.93%	\$ 54,544,276	7.93%	\$ 55,070,404

KEY ACTUARIAL ASSUMPTIONS: Annual Interest Rate: 7.75%
 Annual Inflation Rate: 3.50%
 * Based on December 31, 2010 projected annual payroll.
 ** Based on December 31, 2009 projected annual payroll.
 Across-the-Board Salary Increase: 0.75%
 Average Annual Salary Increase: 6.00%



SUMMARY OF SIGNIFICANT RESULTS

Association Membership	December 31, 2010	December 31, 2009	Increase/ (Decrease)
<i>Active Members</i>			
1. Number of Members	8,811	8,938	(1.4%)
2. Average Age	46.6	46.4	0.4%
3. Average Service	11.1	11.0	0.9%
4. Total Active Payroll	\$ 687,443,206	\$ 694,443,999	(1.0%)
5. Average Monthly Salary	\$ 6,502	\$ 6,475	0.4%
<i>Retired Members</i>			
1. Number of Members:			
Service Retirement	5,469	5,219	4.8%
Disability Retirement	921	941	(2.1%)
Beneficiaries	1,169	1,132	3.3%
2. Average Age	69.3	69.2	0.1%
3. Actual Retired Payroll	\$ 288,969,175	\$ 266,866,460	8.3%
4. Average Monthly Pension	\$ 3,248	\$ 3,111	4.4%
<i>Inactive Vested Members</i>			
1. Number of Members*	2,231	2,209	1.0%
2. Average Age	46.1	45.6	1.1%
Asset Values (Net)			
<i>Market Value</i>	\$ 5,027,157,199	\$ 4,476,729,530	12.3%
<i>Return on Market Value</i>	13.35%	19.68%	
<i>Actuarial Value</i>	\$ 5,355,971,152	\$ 5,304,261,661	1.0%
<i>Return on Actuarial Value</i>	1.82%	0.34%	
<i>Valuation Assets</i>	\$ 5,341,821,711	\$ 5,290,114,102	1.0%
<i>Return on Valuation Assets</i>	1.80%	0.32%	
Liability Values			
Actuarial Accrued Liability	\$ 6,654,036,801	\$ 6,314,787,187	5.4%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,312,215,090	\$ 1,024,673,085	28.1%
Funding Ratio			
GASB No. 25	80.3%	83.8%	(3.5%)

*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
12/31/05	General	7,594	\$480,015,003	\$63,210	2.76%
	Safety	<u>1,611</u>	<u>147,531,405</u>	<u>91,578</u>	<u>4.82%</u>
	TOTAL	<u>9,205</u>	<u>\$627,546,408</u>	<u>\$68,175</u>	<u>3.04%</u>
12/31/06	General	7,602	\$505,165,640	\$66,452	5.13%
	Safety	<u>1,608</u>	<u>148,787,523</u>	<u>92,530</u>	<u>1.04%</u>
	TOTAL	<u>9,210</u>	<u>\$653,953,163</u>	<u>\$71,005</u>	<u>4.15%</u>
12/31/07	General	7,806	\$518,874,107	\$66,471	0.03%
	Safety	<u>1,615</u>	<u>152,743,825</u>	<u>94,578</u>	<u>2.21%</u>
	TOTAL	<u>9,421</u>	<u>\$671,617,932</u>	<u>\$71,289</u>	<u>0.40%</u>
12/31/08	General	7,781	\$544,409,663	\$69,967	5.26%
	Safety	<u>1,604</u>	<u>160,538,005</u>	<u>100,086</u>	<u>5.82%</u>
	TOTAL	<u>9,385</u>	<u>\$704,947,668</u>	<u>\$75,114</u>	<u>5.37%</u>
12/31/09	General	7,406	\$536,090,505	\$72,386	3.46%
	Safety	<u>1,532</u>	<u>158,353,494</u>	<u>103,364</u>	<u>3.28%</u>
	TOTAL	<u>8,938</u>	<u>\$694,443,999</u>	<u>\$77,696</u>	<u>3.44%</u>
12/31/10	General	7,325	\$533,351,975	\$72,812	0.59%
	Safety	<u>1,486</u>	<u>154,091,231</u>	<u>103,695</u>	<u>0.32%</u>
	TOTAL	<u>8,811</u>	<u>\$687,443,206</u>	<u>\$78,021</u>	<u>0.42%</u>



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
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
2009	7,012	505	22,693,682	(225)	(6,271,784)	7,292	266,866,460	6.56%	36,597
2010	7,292	486	\$27,459,315	(219)	(\$5,356,600)	7,559	\$288,969,175	8.28%	\$38,228

SOLVENCY TEST (DOLLAR AMOUNTS IN THOUSANDS)

Valuation Date	Aggregate Accrued Liabilities (AAL) for:			Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	1	2	3		1	2	3
	Active Member Contributions	Retirants and Beneficiaries	Active Members Employer Portion				
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%
12/31/09	598,973	3,523,414	2,192,400	5,290,114	100%	100%	53%
12/31/10	\$ 645,975	\$ 3,811,751	\$ 2,196,311	\$ 5,341,822	100%	100%	40%

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

FOR YEARS ENDED DECEMBER 31
(DOLLAR AMOUNTS IN THOUSANDS)

Type of Activity	2010	2009	2008	2007	2006	2005
Composite Gain (or Loss) During Year	(\$287,542)	(\$334,716)	(\$125,054)	\$268,194	(\$102,735)	\$77,014



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

Briefly summarized below are the major provisions of the County Employees Retirement Law of 1937, as amended through December 31, 2010, 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)

Tier 2 Plan (Section 31751)

Coverage

Tier 1:

- a. All General Members hired before July 1, 1980, and electing not to transfer to Tier 2 Plan.
- b. Reciprocal General Members hired before October 1, 2002, electing to not enter Tier 2 Plan.
- c. 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:

- 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.

- a. Three-year final average salary

- 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:	$(1.24\% \times \text{FAS} - 1/3 \times 1.24\% \times \$350) \times \text{Yrs}$
55:	$(1.67\% \times \text{FAS} - 1/3 \times 1.67\% \times \$350) \times \text{Yrs}$
60:	$(2.18\% \times \text{FAS} - 1/3 \times 2.18\% \times \$350) \times \text{Yrs}$
62:	$(2.35\% \times \text{FAS} - 1/3 \times 2.35\% \times \$350) \times \text{Yrs}$
65:	$(2.61\% \times \text{FAS} - 1/3 \times 2.61\% \times \$350) \times \text{Yrs}$

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:	$(1.43\% \times \text{FAS} - 1/3 \times 1.43\% \times \$350 \times 12) \times \text{Yrs}$
55:	$(2.00\% \times \text{FAS} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$
60:	$(2.26\% \times \text{FAS} - 1/3 \times 2.26\% \times \$350 \times 12) \times \text{Yrs}$
62:	$(2.37\% \times \text{FAS} - 1/3 \times 2.37\% \times \$350 \times 12) \times \text{Yrs}$
65:	$(2.42\% \times \text{FAS} - 1/3 \times 2.42\% \times \$350 \times 12) \times \text{Yrs}^{**}$

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 to 1/3 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.

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

AND
- 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.

AND
- 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 (COL) 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

- | | |
|--|--|
| <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> 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
OR
- b. After Service-Connected Disability -
100% of the allowance continued to the spouse or to minor children
AND
- 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 (COL) 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



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 supplementary 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 2002-2011 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 2002-2011 presents the employers and number of their corresponding covered employees.



CHANGES IN PLAN NET ASSETS FOR YEARS 2002 – 2011

(DOLLARS IN THOUSANDS)

Additions	2011	2010	2009	2008	2007
Employer Pension Obligation Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Contributions	200,389	183,951	195,614	206,519	196,930
Employee Contributions	61,575	64,330	66,536	76,452	75,591
Net Investment Income	100,363	605,672	748,861	(1,467,872)	306,459
Security Lending Income	951	1,097	2,436	3,392	1,208
Total Additions	\$ 363,278	\$ 855,050	\$1,013,447	\$ (1,181,509)	\$ 580,188
Deductions					
Pension Benefits*	\$ 320,297	\$ 288,969	\$ 266,866	\$ 250,445	\$ 235,656
Refunds	3,909	2,647	4,628	3,730	3,113
Administrative Expense	6,290	5,283	7,359	5,601	5,942
Other Expenses	7,649	7,723	7,563	8,133	7,370
Total Deductions	\$ 338,145	\$ 304,622	\$ 286,416	\$ 267,909	\$ 252,081
Change in Plan Net Assets	\$ 25,133	\$ 550,428	\$ 727,031	\$ (1,449,418)	\$ 328,107

Additions	2006	2005	2004	2003	2002
Employer Pension Obligation Bond Proceeds	\$ 11,693	\$ 153,135	\$ -	\$ 319,095	\$ -
Employer Contributions	179,755	147,165	118,246	108,728	57,474
Employee Contributions	73,469	73,475	65,297	51,603	26,606
Net Investment Income	614,913	341,877	415,669	608,336	(268,163)
Security Lending Income	658	506	344	238	182
Total Additions	\$ 880,488	\$ 716,158	\$ 599,556	\$ 1,088,000	\$ (183,901)
Deductions					
Pension Benefits*	\$ 216,057	\$ 196,106	\$ 178,979	\$ 163,923	\$ 140,097
Refunds	3,232	2,075	910	1,037	643
Retiree Health Care Benefit Reimbursement**	-	-	-	-	4,638
Administrative Expense	4,860	4,896	4,089	4,292	4,269
Other Expenses	7,052	6,440	5,776	5,021	2,541
Membership Withdrawal	-	3,535	4,681	-	-
Total Deductions	\$ 231,201	\$ 213,052	\$ 194,435	\$ 174,273	\$ 152,188
Final Paulson Cost Reimbursement	-	-	-	\$ 34,230	-
Change in Plan Net Assets	\$ 649,287	\$ 503,106	\$ 405,121	\$ 947,957	\$ (336,089)

* The benefit amounts do not reflect the benefit payments made as a result of the Paulson settlement previously reported in the 2002 CAFR. The total of the prior period adjustments recorded over the three-year period of 2000-2002 was \$50,518,255 and resulted from the recalculation and payment of the "Paulson Benefit" (see Note 11). 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 (DOLLARS IN THOUSANDS)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Service Retirement Payroll:										
General	\$ 144,304	\$ 131,646	\$ 121,929	\$ 113,955	\$ 104,164	\$ 94,018	\$ 83,343	\$ 83,082	\$ 75,541	\$ 69,427
Safety	78,221	70,782	66,953	62,705	56,215	49,532	44,668	42,525	32,151	25,535
TOTAL	222,525	202,428	188,882	176,660	160,379	143,550	128,011	125,607	107,692	94,962
Disability Retirement Payroll:										
General	12,013	12,134	12,072	11,899	11,910	11,608	11,855	11,718	10,629	9,561
Safety	27,349	26,708	24,845	23,529	21,283	19,867	18,737	17,850	13,853	12,771
TOTAL	39,362	38,842	36,917	35,428	33,193	31,475	30,592	29,568	24,482	22,332
Beneficiary Payroll:										
General	16,727	16,144	16,030	15,312	14,449	13,850	13,399	12,795	10,604	9,825
Safety	10,355	9,452	8,616	8,256	8,036	7,231	6,977	6,587	5,149	4,983
TOTAL	27,082	25,596	24,646	23,568	22,485	21,081	20,376	19,382	15,753	14,808
Total Benefit Expense:										
General	173,044	159,924	150,031	141,166	130,523	119,476	108,597	107,595	96,774	88,813
Safety	115,925	106,942	100,414	94,490	85,534	76,630	70,382	66,962	51,153	43,289
TOTAL	\$ 288,969	\$ 266,866	\$ 250,445	\$ 235,656	\$ 216,057	\$ 196,106	\$ 178,979	\$ 174,557	\$ 147,927	\$ 132,102

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

SUMMARY OF MONTHLY ALLOWANCES BEING PAID AS OF DECEMBER 31, 2010

<u>Amount of Monthly Benefit</u>	<u>Number of Retirees & Beneficiaries</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiary</u>
General Members				
\$0 to \$749	1,116	857	7	252
\$750 to 1,499	1,247	923	59	265
\$1,500 to 2,249	1,033	687	188	158
\$2,250 to 2,999	705	505	115	85
\$3,000 to 3,749	489	392	51	46
\$3,750 to 4,499	318	271	15	32
\$4,500 to 5,249	226	202	8	16
\$5,250 & Over	659	633	4	22
TOTALS	<u>5,793</u>	<u>4,470</u>	<u>447</u>	<u>876</u>

<u>Safety Members</u>	<u>Number of Retirees & Beneficiaries</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiary</u>
\$0 to \$749	60	36	3	21
\$750 to 1,499	86	31	3	52
\$1,500 to 2,249	111	42	25	44
\$2,250 to 2,999	137	41	57	39
\$3,000 to 3,749	268	78	133	57
\$3,750 to 4,499	188	69	85	34
\$4,500 to 5,249	125	88	23	14
\$5,250 & Over	791	614	145	32
TOTALS	<u>1,766</u>	<u>999</u>	<u>474</u>	<u>293</u>





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
1/1/2010 - 12/31/2010								
Average monthly benefit	\$ 559	\$1148	\$1781	\$3019	\$4619	\$6126	\$6837	\$4018
Average Final Average Salary	\$8826	\$6015	\$6670	\$7280	\$9422	\$9473	\$9099	\$8081
Number of retired members	9	55	73	56	57	69	81	400
1/1/2009 - 12/31/2009								
Average monthly benefit	\$1039	\$1368	\$1844	\$2697	\$4532	\$6595	\$7046	\$3810
Average Final Average Salary*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of retired members	17	67	70	73	78	62	62	429
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 2010 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+
2010 Average Monthly Benefit	\$4261	\$3933	\$3238	\$2744	\$2336	\$1764	\$1900	\$1531	\$1477
Number Retirees & Beneficiaries	501	658	594	548	506	467	314	107	24
2009 Average Monthly Benefit	\$3997	\$3747	\$3003	\$2628	\$2133	\$1748	\$1843	\$1466	\$1402
Number Retirees & Beneficiaries	530	633	580	550	535	461	293	94	26
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

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+
2010 Average Monthly Benefit	\$653	\$721	\$1039	\$821	\$1290	\$662			
Number Retirees & Beneficiaries	71	109	215	143	30	8			
2009 Average Monthly Benefit	\$611	\$713	\$1045	\$802	\$1153	\$703			
Number Retirees & Beneficiaries	74	126	232	114	27	6			
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	\$633				
Number Retirees & Beneficiaries	373	186	58	14	2				

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+
2010 Average Monthly Benefit	\$2443	\$1849	\$1267	\$1698	\$1156				
Number Retirees & Beneficiaries	886	518	90	2	2				
2009 Average Monthly Benefit	\$2347	\$1651	\$1465	\$1213	\$1183	\$1965			
Number Retirees & Beneficiaries	852	398	54	6	3	1			
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								

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+
2010 Average Monthly Benefit	\$6791	\$6521	\$5452	\$4623	\$4380	\$3637	\$3891	\$3555	\$2818
Number Retirees & Beneficiaries	406	453	287	223	133	107	86	50	21
2009 Average Monthly Benefit	\$6620	\$6093	\$5110	\$4706	\$3929	\$3756	\$3780	\$3178	\$2619
Number Retirees & Beneficiaries	426	406	268	222	126	98	88	41	21
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	

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 2002-2011

County of Contra Costa:	2011	Totals	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Members	6,280	72.78%	6,403	6,429	6,802	6,871	6,668	6,699	7,082	7,133	6,850
Safety Members	888	10.29%	935	956	1,020	1,023	1,025	1,027	1,089	1,104	1,606
TOTAL:	7,168	83.07%	7,338	7,385	7,822	7,894	7,693	7,726	8,171	8,237	8,456
Participating Agencies:											
Bethel Island Municipal Improvement District	2	0.02%	3	3	3	3	5	4	3	3	2
Byron, Brentwood, Knightsen Union Cemetery District	5	0.06%	4	3	3	5	5	5	4	4	4
Central Contra Costa Sanitary District	248	2.87%	252	266	266	257	258	249	253	242	244
Contra Costa County Employees' Retirement Association	36	0.42%	37	37	37	35	35	35	34	35	33
Contra Costa Housing Authority	91	1.05%	92	91	90	92	97	98	109	112	113
Contra Costa Mosquito and Vector Control District	35	0.41%	35	35	37	35	35	31	28	29	28
Delta Diablo Sanitation District*	-	-	-	-	-	-	-	-	-	57	57
Diablo Water District*	-	-	-	-	-	-	-	-	13	13	11
Local Agency Formation Commission (LAFCO)	2	0.02%	2	2	2	1	1	1	1	1	1
Ironhouse Sanitary District*	-	-	-	-	-	-	-	-	28	27	24
Rodeo Sanitary District	8	0.09%	7	8	8	7	7	7	7	7	6
In-Home Supportive Services Authority (IHSS)	12	0.14%	12	12	13	16	15	12	11	12	10
First 5 - Children & Families Commission	22	0.25%	24	22	16	14	14	13	10	11	9
Contra Costa County Fire Protection District	331	3.84%	321	349	354	344	354	361	373	367	387
East Contra Costa Fire Protection District	48	0.56%	49	50	50	52	55	55	55	55	55
Moraga-Orinda Fire District	65	0.75%	73	73	71	71	66	73	69	70	69
Rodeo-Hercules Fire Protection District	17	0.20%	21	21	21	21	21	21	21	21	21
Superior Court**	357	4.14%	360	405	407	395	370	342	-	-	-
San Ramon Valley Fire District	182	2.11%	181	180	185	179	179	172	168	169	170
TOTAL:	1,461	16.93%	1,473	1,557	1,563	1,527	1,517	1,479	1,187	1,235	1,244
Total Active Membership	8,629	100.00%	8,811	8,942	9,385	9,421	9,210	9,205	9,358	9,472	9,700

* Districts that terminated their membership with CCCERA

** Superior Courts were part of the County prior to January 1, 2005



Illustration Notes

- Page 1 *Contra Costa*, was painted by Xavier Martinez in *Northern California tonalism* style. The muted palette and narrow viewpoint was a response to the massive landscape paintings that preceded this form. Martinez was a founding member of several respected organizations, including the California Society of Artists and the California College of Arts and Crafts.
- Page 5 California *plein air* painting during the Arts and Crafts era is exemplified in these works by Granville Redmond and Elmer Wachtel. Note the profile of Mt. Diablo shimmering in hazy summer sunlight and the fields of poppies that blanketed much of Contra Costa County in the early twentieth century.
- Page 17 Blake Gardens in Kensington, is the 10+ acre home of the President of the University of California, Berkeley. The gardens were designed in 1920 in the Arts and Crafts tradition by Mabel Symmes, one of the first students in the Department of Landscape Architecture. The garden features both formal and naturalized plantings that capitalize on the unique terrain, which was originally slated for development as a quarry.
- Page 55 "Storybook Architecture" was a whimsical building style used throughout Contra Costa County from about 1920 to 1940, at a time when the Arts and Crafts "bungalow" became popular. Many were designed by well-known architects of the period, such as Carr Jones, William Dixon and W. R. Yelland.
- Page 65 Hispano-Moresque tile was frequently used in architectural designs throughout Contra Costa County, adding interest to the simple lines of classical revival structures. This panel, by the artist A. Pedraza, graced the exterior wall of a Bay Area bungalow. Collection of M. Leedom.
- Page 81 *Contra Costa* inspired many California artists, including Arthur Mathews, whose *Spring Dance* is displayed at the Smithsonian American Art Museum in Washington, D.C. Mathews believed that fine art and design served the public good; his work incorporated Asian stylistic influences with a distinctively west coast color palette.

The tile icons used in this report are examples of classic designs created and/or installed by artisans located in Contra Costa County during the Arts and Crafts manufacturing period.

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Joelle Luhn

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