# Contra Costa County Employees' Retirement Association

*A Pension Trust Fund of the County of Contra Costa, California*

## Comprehensive Annual Financial Report

*for the Years Ended December 31, 2014 and 2013*

CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

CCCERA's mission is to deliver retirement benefits to members and their beneficiaries through prudent asset management and effective administration, in accordance with all plan provisions.

Featured photography:

With a population of 1 million, Contra Costa County offers beautiful views from regional parks and open space. Mount Diablo and its foothills, for example, are iconic views to the area. Located about 30 minutes north of San Francisco, the county's beauty is unique, unexpected and understated.

On cover: Fork In The Road – Walnut Creek, California. *(Patrick Smith)*

# Contra Costa County
# Employees' Retirement Association

*A Pension Trust Fund of the County of Contra Costa, California*

## Comprehensive *A*nnual Financial Report

***for the Years Ended December 31, 2014 and 2013***

Issued by:


Retirement Chief Executive Officer
**Gail Strohl**

Retirement Accounting Manager
**Vickie C. Kaplan**, CPA



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1355 Willow Way, Suite 221
Concord, California 94520-5728
*cccera.org*

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# I. Introductory *Section*



Lafayette Reservoir Morning – Lafayette, California. *(Patrick Smith)*

# Letter of Transmittal

June 11, 2015

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, 2014, our 69th year of operation.

CCCERA is a public employee retirement system that was established by the County of Contra Costa (County) 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) and Section 7522 *et seq.* (California Public Employees' Pension Reform Act of 2013).

## 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 CAFR 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, and a listing of professional consultants.

The FINANCIAL SECTION presents the financial condition of CCCERA.  This section contains the opinion of the independent certified public accountants, Brown Armstrong Accountancy Corporation, 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, Segal Consulting, 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 the County. Currently, Contra Costa County and 16 other participating agencies are members of CCCERA. The participating agencies include:

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

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 (Article 16 - Public Finance, Section 17); the County Employees Retirement Law of 1937 (CERL); the California Public Employees' Pension Reform Act of 2013 (PEPRA); 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 CERL, which may affect benefits of CCCERA members.

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

## FINANCIAL INFORMATION

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. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes the cost of a control relative to the benefits likely to be derived and that these judgments by management are based on estimates. Responsibility for the accuracy, completeness, fair representation of information and all disclosures rests with CCCERA's management. The accounting firm of Brown Armstrong Accountancy Corporation, a certified public accounting firm, provides financial statement independent audit services to CCCERA. The financial audit provides reasonable assurance that CCCERA's financial statements are presented in conformity with GAAP and are free from material misstatement.

## ACTUARIAL FUNDING STATUS

CCCERA contracts with an independent actuarial consulting firm, Segal Consulting, to act as the plan's actuary and conduct annual actuarial valuations, which are presented to the Board annually. On a triennial basis, the actuary also conducts an experience study of the members of CCCERA and makes recommendations to the Board on all economic and non-economic assumptions. The most recent triennial experience study was performed as of December 31, 2012.

CCCERA's funding objective is to meet long-term defined benefit obligations through contributions and investment income. Funds are derived from the excess of additions, which include contributions and investment earnings, over deductions which are comprised of benefits and administrative expenses. Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net position restricted for pensions" in the Statement of Fiduciary Net Position in the Financial Section of the report. In accordance with GASB Statement No. 67, the total pension liability is not reported in the basic financial statements, but is disclosed in Note 5, *Net Pension Liability*, to the basic financial statements and in the required supplementary information. The total pension liability is determined by the plan's actuary and is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees, beneficiaries, and active members for service earned to date. The net pension liability is measured as the total pension liability less the amount of the plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement purposes.

Segal Consulting's actuarial valuation as of December 31, 2013, determined the funding ratio to be 76.4%, using approved assumptions. This ratio compares the actuarial value of assets of the plan to the actuarial accrued liabilities of the plan. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial liabilities. Lower ratios may indicate recent changes to benefit structures, funding of a plan below actuarial requirements, poor asset performance, or a variety of other changes. For a more in-depth review of the funding of the plan, see the actuarial section of this report.

## INVESTMENTS

The Board maintains 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, staff, 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 fair value basis, the total net position restricted for pensions increased from $6.46 billion at December 31, 2013, to $6.91 billion at December 31, 2014. For the year ended December 31, 2014, CCCERA's investment portfolio returned 8.4%, before investment management fees or administrative expenses, reflecting market conditions throughout the year. CCCERA's gross annualized rate of return was 13.0% over the last three years, 11.0% over the last five years, and 7.6% over the last 10 years.

## 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 CAFR for the year ended December 31, 2013. 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 CAFR, 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. It is believed that the current report continues to conform to the Certificate of Achievement program requirements, and it is being submitted to the GFOA for evaluation.

CCCERA was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award in 2014. 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.

## SERVICE EFFORTS AND ACCOMPLISHMENTS

### Accounting Division –

The accounting division's main goal is to ensure accounting accuracy for financial reporting purposes as well as to be in compliance with accounting standards. Responsibilities continue to increase as CCCERA's investment portfolio grows to include additional investment managers and investment types.

Major initiatives for the division include:

*GASB 67 and 68* – In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 67 (GASB 67), *Financial Reporting for Pension Plans*, an amendment to GASB Statement No. 25, and Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, an amendment to GASB Statement No. 27, which establishes new accounting and financial reporting requirements for public pension plans and their participating employers (plan sponsors), respectively. According to GASB, these new statements are "designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency and comparability of pension information across governments."

These new statements significantly change current pension accounting and financial reporting requirements by:

- Separating pension accounting from funding pension benefits;
- Requiring the plan to calculate the collective net pension liability, and the participating employers to recognize their proportionate share of that liability, and the related pension expense and deferred outflows/inflows of resources, on their basic financial statements; and
- Requiring additional note disclosures and required supplementary information based on the new standards for both the plan and their participating employers.

For CCCERA, GASB 67 went into effect beginning with the year ended December 31, 2014. The associated schedules and additional information for this new requirement are shown in the Financial Section. For CCCERA's participating employers, GASB 68 is effective beginning with the fiscal year ended June 30, 2015. CCCERA has established an implementation plan for GASB 67 and 68 and has already conducted workshops for our participating employers related to their implementation of GASB 68. CCCERA believes our current CAFR meets the requirements of GASB 67 and is committed to continue to work with our consultants and participating employers to provide ongoing communication and support as our participating employers begin their implementation of GASB 68 this year.

<u>*Accounting System Upgrade*</u> – In November 2014, the division upgraded their Multiview accounting system from client server to .NET. This upgrade provided a web-based accounting system with enhanced capabilities, to include new screens that are easily configurable by the end user, the ability to use any data element to perform queries, conditional formatting of queries coupled with drag and drop capability of changing query filters, and acquiring pivot data to create graphs and dashboards by application with key data elements of interest by user.

### Administrative Division –

The administrative division is responsible for property management, member communications, member record maintenance and retention as well as supporting the other divisions, executives and the Board of Retirement. Administration planned and coordinated remodels throughout the suite to accommodate CCCERA's growing staff. In coordination with the remodels, security was increased with the installation of key pads at regularly used suite doors.

### Benefits Division –

Delivering retirement benefits to members and their beneficiaries in accordance with all plan provisions begins and ends in the benefits division. This division is responsible for counseling members as they plan for retirement, calculating retirement allowances under the available options, and entering retiring members into the pension administration system under the correct payment option. The benefits division processes both service retirements as well as disability retirements. The monthly retiree payroll is also performed by the benefits staff including making annual cost-of-living adjustments and fulfilling annual tax reporting requirements.

Member counseling and retirement processing were at high levels as members evaluated retirement decisions, particularly in light of the final ruling in the Assembly Bill (AB) 197 lawsuit, which prompted a higher than normal number of retirements in July 2014. Retirement counseling helps CCCERA members make major life decisions and staff worked hard to provide a high level of customer support throughout this challenging year.

### Compliance Division –

The compliance division supports CCCERA's executive management and the Board by providing guidance for compliance with laws, regulations, general plan operations, and public policy. The main focus of the division is to assist in preparing and implementing policies and procedures, including internal audit procedures in order to comply with statutory and Board policy requirements.

The compliance division conducted three internal audits during the year including Fair Political Practices Commission (FPPC) - Placement Agents, Employer Leave Cash-out Practices, and the Service Retirement Pension Application Process. The division also conducted five employer on-site field audits during the year.

In support of executive management and the Board, the division also was engaged in five special projects in 2014: Call-Back Pay – Metrics and Analysis; 1099R Tax Reporting Compliance Analysis and Procedure Development; Retiree Return to Work Trending and Tracking Monitoring Procedures; Panel Management Pay error correction through the IRS Self-Correction Program; and the CCCERA Retiree Lookback – Compensation Enhancement Study.

**Human Resources Division –**

On August 22, 2014 the Governor signed Senate Bill (SB) 673 allowing CCCERA to become an independent employer on January 1, 2015. As a result of the passage of SB 673, CCCERA is a public agency for purposes of the Meyers-Milias-Brown Act (MMBA). In order to provide the expertise and guidance for MMBA compliance and human resource type matters, CCCERA issued request for proposals and hired a chief labor negotiator and employment and labor counsel. CCCERA began creating personnel governing documents and meeting with union representatives in preparation of CCCERA's independence from Contra Costa County.

Successful recruitments were completed for the following positions: retirement administrative/human resources coordinator, retirement communications coordinator, retirement office specialist, retirement investment analyst, two retirement benefits managers, two retirement counselors, and two retirement member services technicians.

**Member Services Division –**

*Recruit and Train Staff* – We are anticipating moving from the subledger system to only CPAS in 2015. Staff has been cross training in anticipation of the switch from the current manual subledger process to the automated CPAS functions. However, CCCERA will still run the manual subledger system in parallel with CPAS for some time in 2015 to ensure accuracy. The open member services technician position was filled in late 2014 and we are now recruiting for one additional senior data specialist position to be filled in 2015.

*Electronic Imports* – CCCERA is now posting imports in real-time. We are currently working on an extended reconciliation process.

*Addition of Audit Procedures* – Shifting from our subledger system to CPAS has called for stricter audit standards for staff. In order to ensure the accuracy of our data in CPAS, member services has added additional audit checks to the employer import process, the new hire process and refund processing.

*New Hire Process* – The phasing out of the old subledger system also called for a complete overhaul of the new hire process. Cross training of staff was needed to accommodate the change in work flow and new procedures were developed to incorporate the electronic import process.

*Audit of All Active and Deferred Accounts* – Member services is in the process of auditing and balancing all employee accounts in CPAS against the totals in the subledger system. This is a very time consuming process where staff must accurately research and adjust any discrepancies found in the 10,000+ member active and deferred records. This is a continuous project with the main core completed. We look to add additional internal controls in 2015.

*Refunds* – Member services is looking forward to beginning the transition of issuing refund and rollover checks for terminated members completely from our CPAS pension system. This will allow member services to reduce the processing time and issue checks faster to our members. Currently, these types of disbursements are generated by CCCERA's accounting department.

*Benefit Statements* – The annual member statement has been redesigned for the 2014 reporting. Members will now enjoy a fresh, bold new look with extended personal information now available.

### Information Technology Division –

The information technology division has continued to provide technical expertise in computer and communications technology. Its mission is to plan, direct, and coordinate implementation of CCCERA's information technology program; set and enforce technology and data security standards and policies; and provide information technology products, services, guidance, and direction to all divisions. During 2014, the division successfully helped plan and migrated off Multiview accounting system from Client/Server to a web-based system. The old voicemail system was replaced with a new system that keeps external and internal communications flowing seamlessly and efficiently. The division replaced the CCCERA Reports web-based application with a more robust SQL Server Reporting System (SSRS) and has started the design of CPAS View web application to replace functionality of the Subledger system.

## 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.

Thank you to the Board, the consultants, and staff for their commitment to CCCERA.

Respectfully submitted,

Gail Strohl

Gail Strohl
Retirement Chief Executive Officer

# Retirement Board *(As of December 31, 2014)*

*Chairperson*
**Brian Hast**
Term Expires June 30, 2016
Appointed/Elected by General Members

*Vice-Chairperson*
**John B. Phillips**
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

*Secretary*
**Jerry Telles**
Term Expires June 30, 2016
Appointed/Elected by Retirees

**Debora Allen**
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

**Karen Mitchoff**
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

**Scott Gordon**
Term Expires June 30, 2016
Appointed/Elected by Board of Supervisors

**Todd Smithey**
Term Expires June 30, 2017
Appointed/Elected by General Members

**Gabe Rodrigues**
Term Expires June 30, 2017
Appointed/Elected by Safety Members

*County Treasurer*
**Russell V. Watts**
Permanent by Office

*(Alternate)*
**Jerry R. Holcombe**
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

*(Alternate)*
**Louie Kroll**
Term Expires June 30, 2016
Appointed/Elected by Retirees

*(Alternate)*
**William Pigeon**
Term Expires June 30, 2017
Appointed/Elected by Safety Members

# Professional Consultants *(As of December 31, 2014)*

*Actuary*
- **Segal Consulting**

*Actuarial Audit*
- **Milliman**

*Benefit Statement Consultant*
- **Segal Consulting**

*Data Processing*
- **Contra Costa County Department of Information Technology**

*Auditor*
- **Brown Armstrong Accountancy Corporation**

*Legal Counsel*
- **County Counsel of Contra Costa County**
- **Ice Miller, LLP**
- **Laughlin, Falbo, Levy & Moresi, LLP**
- **Reed Smith LLP**
- **Wiley Price & Radulovich, LLP**

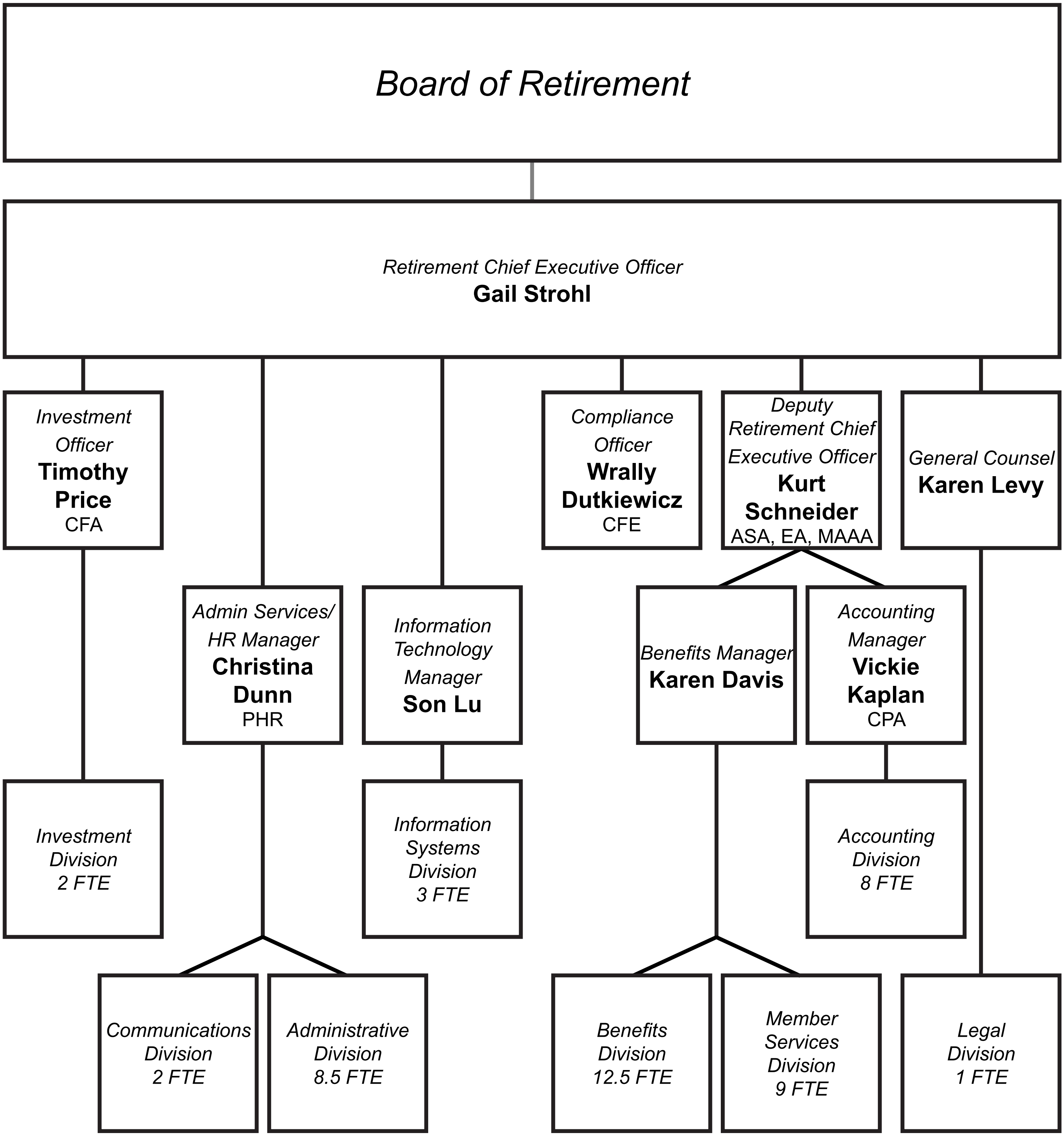
*Investment Consultant*
- **Milliman**

*Master Custodian*
- **State Street Bank & Trust**

*Proxy Guideline Voting Agent Service*
- **Institutional Shareholder Services, Inc. (ISS)**

*Note: List of Investment Managers is located on page 88 of this report.*

# Administrative Organization Chart *(As of December 31, 2014)*



# GFOA Certificate of Achievement Award

Government Finance Officers Association

## 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, 2013**

Executive Director/CEO

# PPCC Public Pension Standards Award

Public Pension Coordinating Council

***Public Pension Standards Award***
***For Funding and Administration***
***2014***

Presented to

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

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

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

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

Alan H. Winkle
Program Administrator

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# II. Financial *Section*



Diablo Spring #1 – Lafayette, California. *(Patrick Smith)*

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CERTIFIED PUBLIC ACCOUNTANTS

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BROWN ARMSTRONG
*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement of the
Contra Costa County Employees' Retirement Association
Concord, California

### Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Contra Costa County Employees' Retirement Association (CCCERA), a component unit of the County of Contra Costa, California, as of December 31, 2014, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise CCCERA's basic financial statements as listed in the table of contents. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflow of resources and total pension expense ($1,195,701 thousand, $17,554 thousand, $171,990 thousand, $172,449 thousand, respectively) included in the Schedule of Employer Allocations – GASB 68 and Schedule of Employer Pension Amounts – GASB 68 listed as other information in the table of contents.

### Management's Responsibility for the Financial Statements

CCCERA's Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCCERA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of CCCERA as of December 31, 2014, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, during the year ended December 31, 2014, CCCERA implemented Governmental Accounting Standards Board (GASB) Statement No 67, *Financial Reporting for Pension Plans*, which modified the current financial reporting of those elements. This statement has a material impact on CCCERA's financial statements as the note disclosures, required supplementary information, and notes to the required supplementary information were significantly modified to comply with GASB Statement No. 67. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the financial statements, the net pension liability of the participating employers as of December 31, 2014 was $1,195,701 thousand. The fiduciary net position as a percentage of the total liability as of December 31, 2014 was 85.2%. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

*Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CCCERA's basic financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Report on Summarized Comparative Information*

We have previously audited CCCERA's December 31, 2013 financial statements, and our report dated June 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, 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, 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* in considering CCCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 11, 2015

# Management's Discussion and Analysis

As management of the Contra Costa County Employees' Retirement Association (CCCERA), we offer readers of CCCERA's financial statements this narrative overview and analysis of the financial position and results of operation for the years ended December 31, 2014 and 2013. The information presented here, in conjunction with the Notes to the Financial Statements beginning on page 34, provide a clear picture of CCCERA's overall financial status and activities.

## Financial Highlights

- The net position – restricted for pensions of CCCERA at the close of December 31, 2014 and 2013 years totaled $6.9 billion and $6.5 billion, respectively. All of the net position is available to meet CCCERAs ongoing obligations to plan participants and their beneficiaries.

- CCCERA's total net position – restricted for pensions increased by $450.6 million, or 7.0% and $803.7 million, or 14.2% as of December 31, 2014 and 2013, respectively. The increases in 2014 and 2013 are primarily a result of positive investment returns as well as contributions received.

- Total Additions, as reflected in the Statement of Changes in Fiduciary Net Position, for the years ended December 31, 2014 and 2013 were $862.1 million and $1.2 billion, respectively. This includes employer and plan member contributions of $372.0 million, investment income of $488.9 million, and net securities lending income of $1.2 million for the year ended December 31, 2014, along with employer and plan member contributions of $307.4 million, investment income of $884.9 million and net securities lending income of $1.2 million for the year ended December 31, 2013. The 27.8% decrease in additions to net position over the prior year is mainly due to net investment income.

- Total Deductions, as reflected in the Statement of Changes in Fiduciary Net Position totaled $411.5 million for the year ended December 31, 2014, an increase of $21.8 million over the year ended December 31, 2013, or approximately 5.6%, mainly attributed to the increase in retiree payroll. Benefits paid to retirees and beneficiaries increased from $369.8 million in 2013 to $387.0 million in 2014, or approximately 4.7%. This increase can be attributed to an increase in the number of new retirees and an annual cost-of-living (COLA) increase.

- CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2013, the date of CCCERA's last actuarial pension plan valuation, the funded status for CCCERA (the ratio of the valuation of assets to the actuarial liabilities) was 76.4%, compared to 70.6% in the previous year. The increase in the funding ratio is due to contributions in excess of the value of benefits earned as well as investment earnings in excess of the assumed rate.

- Market conditions were favorable for 2014. The total investment portfolio finished the year with a solid gross return of 8.4%, compared to 16.5% in 2013.

- Based on the Governmental Accounting Standards Board (GASB) Statement No. 67, CCCERA has a net pension liability (NPL) of $1.2 billion and $1.5 billion as of December 31, 2014 and 2013, respectively. The plan fiduciary net position as a percentage of the total pension liability is 85.2% and 81.4% as of December 31, 2014 and 2013, respectively. The net pension liability as a percentage of covered payroll is 178.1% and 230.4% as of December 31, 2014 and 2013, respectively. Refer to Note 5, *Net Pension Liability*, and Required Supplementary Information sections of this report for more information.

## 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 Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position

3. Notes to the Financial Statements
4. Required Supplementary Information
5. Notes to the Required Supplementary Information
6. Other Supplementary Information
7. Other Information

Please note, however, that this report also contains clarifying information to supplement the basic financial statements listed above.

The implementation of GASB Statement No. 67 (GASB 67) increased the number of schedules in the required supplementary information section. These new schedules provide a spectrum of financial information, including a pension liability measurement and changes to the liability, historical contributions, money-weighted investment return and additional actuarial related disclosures.

***The Statement of Fiduciary Net Position*** is a snapshot of account balances at year-end. It discloses the assets and deferred outflows of resources available for future payments to retirees and their beneficiaries and any current liabilities that are owed as of year-end. The net position, which is the assets less liabilities and deferred inflows of resources, reflect the funds available for future use.

***The Statement of Changes in Fiduciary Net Position*** provides a view of all the activities that occurred during the year and shows the impact of those activities as additions and deductions to the plan.

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.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about CCCERA's activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are recognized when they are incurred, regardless of when cash is received or paid. All investment purchases and sales are reported as of the trade date, not the settlement date. Investments are reported at current fair value. Both realized and unrealized investment gains and losses are recognized. Each component of capital assets is depreciated over its useful life.

These two statements report CCCERA's net position restricted for pensions and is one way to measure the plan's financial position. Over time, increases and decreases in CCCERA's net position are indicators of whether its financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial position. The increase in CCCERA's fiduciary net position for the year ended December 31, 2014, was 7.0%. This increase is due to market appreciation of assets as well as contributions received. CCCERA's total net fund return of 8.4% outperformed CCCERA's 7.25% actuarial assumed interest rate.

CCCERA's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position appear on pages 32 and 33.

***Notes to the Financial Statements*** 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. Asset allocation, the long-term expected rate of return, discount rate, key actuarial assumptions, and the Schedule of Net Pension Liability based on GASB 67 are also included in this section. Notes to the Financial Statements appear on pages 34 - 57.

***Required Supplementary Information*** follows the notes and includes several new GASB 67 schedules. The newly added schedule of Net Pension Liability in the notes section together with the Schedule of Changes in Net Pension Liability and Related Ratios provides an up-to-date financial indication of the extent to which the total pension liability is covered by the fiduciary net position of the Pension Plan. This information will improve the financial statements users' ability to compare the total pension liability for similar types of pension plans. Please note that liabilities on these schedules are calculated solely for financial reporting purposes and are not intended to provide information about the funding of CCCERA's benefits.

Another new schedule, the Schedule of Employer Contributions, helps the reader determine if plan sponsors are meeting the actuarially determined contributions over a period of time. New information about rates of return on pension plan investments, taking account of monetary flows into and out of the market, is provided. The Schedule of Investment Returns includes a money-weighted return performance calculation which is net of investment expenses. These schedules, as well as notes to the Required Supplementary Information, appear on pages 58 - 60.

The Schedule of Funding Progress for funding purposes is presented in the actuarial section on page 93.

The postemployment benefit program is administered by the plan sponsor, Contra Costa County (the County). Please refer to the County's Comprehensive Annual Financial Report (CAFR) for additional information.

***Other Supplementary Information*** includes the Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments to Consultants. It appears on pages 61 - 63.

***Other Information*** follows the Other Supplementary Information on pages 64 - 77. New GASB Statement No. 68 (GASB 68) Schedule of Employer Allocations and Schedule of Employer Pension Amounts are added this year.

GASB 68 governs the specifics of accounting for public pension plan obligations for plan sponsors. Plan sponsors are required to implement GASB 68 for fiscal years beginning after June 15, 2014. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

## Financial Analysis

As of December 31, 2014, CCCERA has $6.9 billion in net position restricted for pensions, which means that assets plus deferred outflows of resources of $8.1 billion exceed liabilities and deferred inflows of resources of $1.2 billion. As of December 31, 2013, CCCERA's net position restricted for pensions totaled $6.5 billion. The net position restricted for pensions is available to meet CCCERA's ongoing obligation to plan participants and their beneficiaries.

As of December 31, 2014, the net position restricted for pensions increased by 7.0% over 2013, primarily due to changes in the fair value of investments. Current assets and current liabilities also changed by offsetting amounts due to the recording of the securities lending cash collateral.

Despite recent market volatility and competitive retirement benefits, CCCERA remains in a good financial position to meet its obligations to plan participants and beneficiaries.

**CAPITAL ASSETS —** Capital assets with an initial cost of more than $5,000 and an estimated useful life in excess of three years may be capitalized and depreciated/amortized. Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets. CCCERA's capital assets decreased from $0.6 million as of December 31, 2013 to $0.5 million (net of accumulated depreciation and amortization) as of December 31, 2014. The investment in capital assets includes servers, equipment, furniture, and leasehold improvements. The total decrease in CCCERA's investment in capital assets from 2013 to 2014 was 22.4% primarily due to 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 2014 and 2013, CCCERA expensed $130,679 and $117,778 of software, hardware, and computer technology consulting services, respectively.

**FIDUCIARY NET POSITION**

*(Dollars in Thousands)*

| *Assets* | 2014 | 2013 | Amount Increase/ (Decrease) | Percent Increase/ (Decrease) |
|---|---|---|---|---|
| Current and other assets | $1,441,269 | $1,476,686 | ($35,417) | (2.4%) |
| Investments at fair value | 6,705,204 | 5,981,408 | 723,796 | 12.1% |
| Capital Assets | 468 | 603 | (135) | (22.4%) |
| **Total Assets** | **8,146,941** | **7,458,697** | **688,244** | **9.2%** |
| ***Liabilities*** | | | | |
| Current Liabilities | 1,238,031 | 1,000,379 | 237,652 | 23.8% |
| **Total Liabilities** | **1,238,031** | **1,000,379** | **237,652** | **23.8%** |
| **NET POSITION - RESTRICTED FOR PENSIONS** | **$6,908,910** | **$6,458,318** | **$450,592** | **7.0%** |

CCCERA has annual valuations completed by its independent actuary, Segal Consulting. The purpose of the valuation is to determine the future contributions by the members and employers needed to provide for the prescribed benefits. The valuation takes into account CCCERA's policy to smooth the impact of market volatility by spreading each year's investment gains or losses over five years. Despite variations in the stock market, CCCERA's management and actuary concur that CCCERA remains in a financial position that will enable the plan to meet its obligations to participants and beneficiaries. CCCERA remains focused on the long-term performance of the fund, dependent on a strong and successful investment program, risk management, and strategic planning. CCCERA's latest Actuarial Valuation is as of December 31, 2013.

**RESERVES —** Pension plans establish reserves for various anticipated liabilities. CCCERA's reserves have been established to account for the accumulation of employer and employee contributions, the amounts available to meet the obligation of retired members as well as other items. A complete listing of CCCERA's reserves and corresponding balances for December 31, 2014 are presented in Note 8, *Reserves and Designations*.

## CCCERA'S ACTIVITIES

**CHANGES IN FIDUCIARY NET POSITION**

*(Dollars in Thousands)*

| *Additions:* | 2014 | 2013 | Amount Increase/ (Decrease) | Percent Increase/ (Decrease) |
|---|---|---|---|---|
| Employer Contributions | $293,760 | $235,017 | $58,743 | 25.0% |
| Plan Member Contributions | 78,258 | 72,373 | 5,885 | 8.1% |
| Net Investment Income | 488,873 | 884,870 | (395,997) | (44.8%) |
| Net Securities Lending Income | 1,167 | 1,148 | 19 | 1.7% |
| **Total Additions** | **862,058** | **1,193,408** | **(331,350)** | **(27.8%)** |
| ***Deductions:*** | | | | |
| Pension Benefits | 387,026 | 369,809 | 17,217 | 4.7% |
| Refunds | 6,798 | 3,844 | 2,954 | 76.8% |
| Administrative | 6,980 | 6,776 | 204 | 3.0% |
| Other Expenses | 10,662 | 9,242 | 1,420 | 15.4% |
| **Total Deductions** | **411,466** | **389,671** | **21,795** | **5.6%** |
| **INCREASE IN NET POSITION - RESTRICTED FOR PENSIONS** | **$450,592** | **$803,737** | **($353,145)** | **(43.9%)** |

**ADDITIONS TO FIDUCIARY NET POSITION —** The primary sources of funding for CCCERA member benefits are employer contributions, plan member contributions, and net investment income. Total additions to fiduciary net position for the years ended December 31, 2014 and 2013, were $862.1 million and $1.2 billion, respectively. The decrease in the current year is primarily due to investment gains being lower than in the previous year. The Net Investment Income, before securities lending, for the years ended December 31, 2014 and 2013 totaled $488.9 million and $884.9 million, respectively. The investment section of this report reviews the result of investment activity for the year ended December 31, 2014. Employer Contributions were $293.8 million as of December 31, 2014, an increase of $58.7 million, or 25.0% over 2013. Plan Member Contributions were $78.3 million as of December 31, 2014, an increase of $5.9 million, or 8.1%, from prior year. The increase is mostly due to higher employer and employee contribution rates.

**DEDUCTIONS FROM FIDUCIARY NET POSITION — ** CCCERA was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees, and the cost of administering the system. Total deductions from fiduciary net position for the years ended December 31, 2014 and 2013, were $411.5 million and $389.7 million, respectively. Retirement allowances, survivor benefits, and permanent disability benefits were $387.0 million as of December 31, 2014, an increase of $17.2 million, or 4.7%, over 2013. The growth in benefit payments was due to the combined effects of the following: (1) the net increase in the number of retirees and beneficiaries for the year and (2) the increase in the average retirement allowance of those who were added to the retirement payroll.

Member refunds were $6.8 million in 2014, an increase of $3.0 million or 76.8% over 2013. Member refunds were high in 2014 due to a higher amount of terminated members who requested withdrawals. Also, terminated members with a few years of service often withdraw their accounts.

Administrative expense was $7.0 million for 2014. Administrative expense covers the basic costs of operating the retirement system, including information technology systems. Operating costs include staffing, office expense, depreciation/amortization, and miscellaneous expenses. The system's administrative expenses increased by $0.2 million or 3.0% in 2014. The increase was mainly due to personnel services, specifically employee retirement cost.

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. CCCERA has consistently met its administrative expense budget for the current year and prior years. Deductions of $411.5 million are less than additions of $862.1 million, resulting in an increase of $450.6 million in fiduciary net position for the year ended December 31, 2014.

**CHANGE IN FIDUCIARY NET POSITION — ** The change in fiduciary net position consists of total additions reduced by total deductions. Fiduciary net position decreased by $353.1 million for the year ended December 31, 2014. This decrease is due to investment gains being lower than in the previous year.

**NET PENSION LIABILITY— ** CCCERA is subject to the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, beginning with the year ended December 31, 2014 and CCCERA's participating employers will be subject to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, beginning with the fiscal year ended June 30, 2015. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*, and GASB Statement No. 50, *Pension Disclosures*, and GASB Statement No. 68 replaces the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50 as they related to pension plans. These new standards will require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits and expands note disclosures and Required Supplementary Information for pension plans and their participating employers.

Pursuant to GASB Statement No. 67, the funded status and unfunded actuarial accrued liability (UAAL) of the plan are no longer presented in the notes or required supplementary information. The UAAL was determined by subtracting the excess of the actuarial accrued liability (discounted at the plan's assumed rate of return) from the actuarial value of assets (determined by smoothing values over a certain number of years to reduce volatility) and represented the costs allocated to date for current plan members that are not covered by the actuarial value of assets. The UAAL has now been replaced by the net pension liability (NPL), which represents the excess of the total pension liability (using an entry age cost method, discounted at a discount rate that reflects the expected return on assets) over fiduciary net position (valued at fair value). NPL is similar to UAAL but uses market assets, not smoothed assets. This is a conceptual shift by the GASB in the measurement of pension liabilities to provide a consistent, standardized methodology that allows comparability of data and increased transparency of the pension liability across all plans. CCCERA has complied with GASB Statement No. 67 for the year ended December 31, 2014 and will continue to assist our participating employers as they implement GASB Statement No. 68 for the fiscal year ended June 30, 2015.

Based on Segal Consulting's Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of December 31, 2014, the Net Pension Liability (NPL) of participating employers on a market basis are $1.2 billion as of December 31, 2014 and $1.5 billion as of December 31, 2013. The decrease is primarily due to the gain from lower than expected salary increase during calendar year 2013 (because liabilities are rolled forward from December 31, 2013 to December 31, 2014, this gain is first reported in the December 31, 2014 results). Refer to Note 5, *Net Pension Liability* and the Required Supplementary Information section of this report for further information.

**Changes in Net Pension Liability**
As of December 31, 2014 and 2013

*(Dollars in Thousands)*

| | 2014 (a) | 2013 (b) | Amount Increase/ (Decrease) (c) = (a) - (b) | Percent Increase/ (Decrease) (c) / (b) |
|---|---|---|---|---|
| Total Pension Liability | $8,104,611 | $7,929,767 | $174,844 | 2.2% |
| Less Plan Fiduciary Net Position | 6,908,910 | 6,458,318 | 450,592 | 7.0% |
| **Net Pension Liability** | **$1,195,701** | **$1,471,449** | **$(275,748)** | **(18.7%)** |

**PENSION REFORM —** Governor Jerry Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA), which became effective January 1, 2013. While it has been called one of the largest pieces of pension reform legislation on record, it had minimal impact on current and retired CCCERA members hired prior to January 1, 2013. Most changes and provisions affected new public employees hired on or after January 1, 2013. Some new provisions that did impact current or retired CCCERA members were changes in what can be included in compensation for retirement purposes, new restrictions on the ability of a retiree to return to work with a CCCERA employer without reinstatement as an active member unless certain conditions are met, and elimination of employers' ability to adopt an enhanced benefit formula and apply it to past service. In addition, for new public employees, the legislation reduces benefit formulas, limits pensionable income, expands the final compensation period from one year to three years, and requires the new employee to pay a larger share of normal costs.

**OVERALL ANALYSIS —** For the years ended December 31, 2014 and 2013, CCCERA's financial position and results from operations have experienced an increase over the prior year. For 2014, CCCERA's net position increased by $450.6 million over 2013. The overall increase in net position for December 31, 2014 is primarily attributable to the appreciation in the fair value of the plan's broadly diversified portfolio. Despite fluctuations in the financial markets, CCCERA remains in a sound financial position to meet its obligations to plan participants and beneficiaries. The current financial position results from a strong and successful investment program, risk management and strategic planning. As a long-term investor, CCCERA can take advantage of price volatility along with a diversified exposure to domestic and international equities, fixed income investments, natural resources, real estate, infrastructure, private equity and overlay programs. The plan is recovering well from the general market downturn which occurred in 2009 and 2008 and CCCERA is well positioned with value focused assets to face market fluctuations.

## CCCERA's Fiduciary Responsibilities

CCCERA's Board of Retirement (Board) and management are fiduciaries of the pension trust fund. Under the California Constitution and other applicable law, the assets can only be used for the exclusive benefit of plan participants and their beneficiaries and to defray the administrative and investment expenses of the plan.

## Requests for Information

The Comprehensive Annual Financial Report (CAFR) is designed to provide the Retirement Board, our membership, taxpayers, investment managers, and others with a general overview of CCCERA's financial position and to show accountability for the funds it receives.

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

Contra Costa County Employees'
Retirement Association
Attn: Accounting Division
1355 Willow Way, Suite 221
Concord, CA 94520-5728
Telephone: (925) 521-3960
Facsimile: (925) 646-5747

Respectfully submitted,

Vickie C. Kaplan, CPA
Retirement Accounting Manager
June 11, 2015

# *Basic Financial Statements*
# Statement of Fiduciary Net Position

**Statement of Fiduciary Net Position**
As of December 31, 2014 (With Comparative Totals)

| | *(Dollars in Thousands)* | |
|---|---|---|
| **ASSETS** | **2014** | **2013** |
| ***Cash:*** | | |
| Cash equivalents | $336,510 | $593,357 |
| Cash collateral - securities lending | 277,254 | 262,984 |
| **TOTAL CASH & CASH EQUIVALENTS** | **613,764** | **856,341** |
| ***Receivables:*** | | |
| Contributions | 8,860 | 8,068 |
| Investment trades | 772,963 | 560,197 |
| Investment income | 25,968 | 30,970 |
| Installment contract (see Note 12) | 18,489 | 19,760 |
| Other | 284 | 508 |
| **TOTAL RECEIVABLES** | **826,564** | **619,503** |
| ***Investments at fair value:*** | | |
| Stocks | 2,850,120 | 2,523,486 |
| Bonds | 2,051,100 | 1,868,682 |
| Real assets | 329,286 | 318,617 |
| Real estate | 934,127 | 828,562 |
| Alternative investments | 540,571 | 442,061 |
| **TOTAL INVESTMENTS** | **6,705,204** | **5,981,408** |
| ***Other assets:*** | | |
| Prepaid expenses/deposits | 941 | 842 |
| Capital assets, net of accumulated depreciation/amortization of $2,350 and $2,149, respectively | 468 | 603 |
| **TOTAL ASSETS** | **8,146,941** | **7,458,697** |
| | | |
| **LIABILITIES** | | |
| **INVESTMENT TRADES** | **778,448** | **610,568** |
| **SECURITIES LENDING** | **277,254** | **262,984** |
| **EMPLOYER CONTRIBUTIONS UNEARNED** | **164,557** | **112,308** |
| **RETIREMENT ALLOWANCE PAYABLE** | **6,505** | **6,121** |
| **ACCOUNTS PAYABLE** | **6,975** | **6,221** |
| **CONTRIBUTIONS REFUNDABLE** | **1,936** | **223** |
| **OTHER LIABILITIES** | **2,356** | **1,954** |
| **TOTAL LIABILITIES** | **1,238,031** | **1,000,379** |
| | | |
| **NET POSITION - RESTRICTED FOR PENSIONS** | **$6,908,910** | **$6,458,318** |

See accompanying notes to the financial statements.

# Statement of Changes in Fiduciary Net Position

**Statement of Changes in Fiduciary Net Position**
For the year ended December 31, 2014 (With Comparative Totals)

| | *(Dollars In Thousands)* | |
|---|---|---|
| **ADDITIONS** | **2014** | **2013** |
| ***Contributions:*** | | |
| Employer contributions | $293,760 | $235,017 |
| Plan member contributions | 78,258 | 72,373 |
| **TOTAL CONTRIBUTIONS** | **372,018** | **307,390** |
| ***Investment income:*** | | |
| Net appreciation in fair value of investments | 247,523 | 706,085 |
| Net appreciation in fair value of real estate | 114,444 | 50,947 |
| Interest | 77,476 | 93,462 |
| Dividends | 46,415 | 35,615 |
| Real estate income, net | 47,666 | 38,367 |
| Investment expense | (41,600) | (38,158) |
| Other expense | (3,051) | (1,448) |
| **NET INVESTMENT INCOME, BEFORE SECURITIES LENDING** | **488,873** | **884,870** |
| ***Securities lending income (expense):*** | | |
| Earnings | 836 | 803 |
| Rebates | 720 | 689 |
| Fees | (389) | (344) |
| **NET SECURITIES LENDING INCOME** | **1,167** | **1,148** |
| **NET INVESTMENT INCOME** | **490,040** | **886,018** |
| **TOTAL ADDITIONS** | **862,058** | **1,193,408** |
| | | |
| **DEDUCTIONS** | | |
| Benefits paid | 387,026 | 369,809 |
| Contribution prepayment discount | 9,538 | 8,257 |
| Administrative | 6,980 | 6,776 |
| Refunds of contributions | 6,798 | 3,844 |
| Other | 1,124 | 985 |
| **TOTAL DEDUCTIONS** | **411,466** | **389,671** |
| | | |
| **NET INCREASE IN NET POSITION** | **450,592** | **803,737** |
| | | |
| **NET POSITION - RESTRICTED FOR PENSIONS** | | |
| Beginning of year | 6,458,318 | 5,654,581 |
| **END OF YEAR** | **$6,908,910** | **$6,458,318** |

See accompanying notes to the financial statements.

# Notes to the Financial Statements *(December 31, 2014)*

## 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 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Members should refer to CERL and PEPRA for more complete information.

### General

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provisions of CERL 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 covered 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 at that time) who continue to be pooled with the applicable County tier. The December 31, 2009 valuation was the first to incorporate the new "depooled" employer contribution rates, and those rates were effective July 1, 2011.

CCCERA's membership as of December 31, 2014 and 2013 is presented below.

**Comparative Membership**

| *CURRENT MEMBERS:* | 2014 | 2013 |
|---|---|---|
| **Vested** | | |
| General, Tier 1 Enhanced | 509 | 545 |
| General, Tier 1 Non-enhanced | 7 | 7 |
| General, Tier 2 | 0 | 0 |
| General, Tier 3 Enhanced | 4,421 | 4,652 |
| General, Tier 4 (2% Max COLA) | 0 | 0 |
| General, Tier 4 (3% Max COLA) | 0 | 0 |
| General, Tier 5 (2% Max COLA) | 0 | 0 |
| General, Tier 5 (3%/4% Max COLA) | 0 | 1 |
| **TOTAL GENERAL** | **4,937** | **5,205** |
| Safety, Tier A Enhanced | 990 | 1,055 |
| Safety, Tier A Non-enhanced | 13 | 12 |
| Safety, Tier C Enhanced | 68 | 58 |
| Safety, Tier D | 0 | 0 |
| Safety, Tier E | 0 | 0 |
| **TOTAL SAFETY** | **1,071** | **1,125** |
| **TOTAL VESTED** | **6,008** | **6,330** |
| **Non-Vested** | | |
| General, Tier 1 Enhanced | 86 | 104 |
| General, Tier 1 Non-enhanced | 4 | 5 |
| General, Tier 2 | 0 | 0 |
| General, Tier 3 Enhanced | 1,308 | 1,570 |
| General, Tier 4 (2% Max COLA) | 2 | 0 |
| General, Tier 4 (3% Max COLA) | 44 | 16 |
| General, Tier 5 (2% Max COLA) | 439 | 19 |
| General, Tier 5 (3%/4% Max COLA) | 954 | 764 |
| **TOTAL GENERAL** | **2,837** | **2,478** |
| Safety, Tier A Enhanced | 60 | 108 |
| Safety, Tier A Non-enhanced | 1 | 1 |
| Safety, Tier C Enhanced | 96 | 137 |
| Safety, Tier D | 81 | 44 |
| Safety, Tier E | 76 | 26 |
| **TOTAL SAFETY** | **314** | **316** |
| **TOTAL NON-VESTED** | **3,151** | **2,794** |
| ***TOTAL CURRENT MEMBERS*** | **9,159** | **9,124** |

| **Comparative Membership** (Continued) | | |
|---|---|---|
| ***RETIREES AND BENEFICIARIES RECEIVING BENEFITS:*** | **2014** | **2013** |
| General - Service | 5,439 | 5,248 |
| General - Beneficiary | 917 | 910 |
| General - Nonservice-Connected Disability | 149 | 150 |
| General - Service-Connected Disability | 261 | 272 |
| **TOTAL GENERAL** | **6,766** | **6,580** |
| Safety - Service | 1,226 | 1,190 |
| Safety - Beneficiary | 368 | 350 |
| Safety - Nonservice-Connected Disability | 20 | 21 |
| Safety - Service-Connected Disability | 491 | 484 |
| **TOTAL SAFETY** | **2,105** | **2,045** |
| ***TOTAL RETIREES AND BENEFICIARIES*** | **8,871** | **8,625** |
| ***INACTIVE VESTED MEMBERS ENTITLED TO BUT NOT YET RECEIVING BENEFITS:*** | | |
| General, Tier 1 Enhanced | 225 | 245 |
| General, Tier 1 Non-enhanced | 14 | 15 |
| General, Tier 2 | 248 | 259 |
| General, Tier 3 Enhanced | 1,613 | 1,460 |
| General, Tier 4 (2% Max COLA) | 0 | 0 |
| General, Tier 4 (3% Max COLA) | 3 | 0 |
| General, Tier 5 (2% Max COLA) | 23 | 1 |
| General, Tier 5 (3%/4% Max COLA) | 140 | 40 |
| **TOTAL GENERAL** | **2,266** | **2,020** |
| Safety, Tier A Enhanced | 310 | 293 |
| Safety, Tier A Non-enhanced | 7 | 7 |
| Safety, Tier C Enhanced | 51 | 24 |
| Safety, Tier D | 10 | 1 |
| Safety, Tier E | 3 | 0 |
| **TOTAL SAFETY** | 381 | 325 |
| ***TOTAL INACTIVE VESTED MEMBERS*** | **2,647** | **2,345** |
| **TOTAL MEMBERSHIP** | **20,677** | **20,094** |

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 thirteen benefit levels in accordance with CERL and PEPRA. These levels are known as General Tier 1 (Enhanced and Non-enhanced); General Tier 2, General Tier 3 Enhanced, General Tier 4 (2% and 3% maximum Cost-of-Living Adjustments (COLAs)), General Tier 5 (2% and 3%/4% maximum COLAs), Safety Tier A (Enhanced and Non-enhanced), Safety Tier C Enhanced, Safety Tier D, and Safety Tier E.

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, 2012, 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 member in 2003, but not for safety members. Under PEPRA, which became effective January 1, 2013, Districts that have not adopted enhanced benefits will no longer be allowed to do so.

Legislation was signed by the Governor in 2002 which allowed the County, effective October 1, 2002, to provide Tier 3 to all new employees, to move those previously in Tier 2 to Tier 3 as of that date, and to apply all future service as Tier 3. Tier 3 was originally created on October 1, 1998, and made available to all members with five or more years of Tier 2 service who elected to transfer to Tier 3 coverage.

All members who moved to Tier 3 with five or more years of service prior to October 1, 2002, or were moved to Tier 3 effective October 1, 2002, January 1, 2005, or February 1, 2006, continue to have Tier 2 benefits for service prior to that date unless the service is converted to Tier 3. As of December 31, 2006, there are no active Tier 2 member accounts. Tier 1 includes members not mandated to be in Tier 2 or Tier 3 and reciprocal members who were placed in Tier 1 membership.

Safety includes members in active law enforcement, active fire suppression work, or certain other "Safety" classifications as defined in sections of CERL made operative by the Board of Supervisors.

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 through November 30, 2012, had a 3% at 50 benefit formula with a 2% maximum COLA and a 36 month final average salary period. Due to PEPRA, a Deputy Sheriff hired on or after January 1, 2013, will have a 2.7% at 57 benefit formula with a 36 month average final compensation period with compensation limited as noted below. The 2% maximum annual COLA is unchanged.

Effective January 1, 2012, new hires and employees within the Labor Coalition are now 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. See Note 7, *Contributions*, for further description.

On September 12, 2012, the Governor of California signed into law Assembly Bill (AB) 197, with an effective date of January 1, 2013. The measure changed how county retirement boards were permitted to calculate their current members' retirement allowances. In November 2012, members and their representative bargaining units filed a lawsuit challenging the validity of the new law. By operation of a court-imposed Stay Order, CCCERA was prohibited from implementing the new law during the course of the litigation. On May 12, 2014, the Contra Costa County Superior Court entered a Judgment in the litigation and a Writ directing CCCERA to proceed to comply with AB 197 for all retirements effective on or after July 12, 2014. The matter was appealed. The Court of Appeal was requested to issue a "stay" of the implementation of AB 197 past July 11, 2014 during the pendency of the appeal. On June 30, 2014, the Court of Appeal issued an order denying the request for an additional "stay." CCCERA was therefore required to implement the AB 197 changes in calculating benefits for all retirements with an effective date of July 12, 2014 or later. Retirements with an effective date of July 11, 2014 or before were calculated under the pre-AB 197 rules.

### California Public Employees' Pension Reform Act (PEPRA)

In September 2012, the California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law by the Governor of California, establishing new tiers for General and Safety employees entering CCCERA membership on or after January 1, 2013. The benefit formula for General members is 2.5% at age 67 and the Safety formula is 2.7% at age 57. Benefits under the new PEPRA tiers are based on a three-year final average compensation period. Additionally, PEPRA limits the amount of compensation CCCERA can use to calculate a retirement benefit. The 2014 compensation limits are $115,064 for members covered by Social Security and $138,077 for members not covered by Social Security and these limits will increase to $117,020 and $140,424 respectively in 2015. The PEPRA annual compensation limits will be adjusted in future years based on changes in the Consumer Price Index. Most CCCERA General members (including County employees) are covered by Social Security, while CCCERA Safety members and some General members (including fire district employees) are not covered by Social Security.

In September 2013, the Governor approved Assembly Bill 1380 (AB 1380), which makes various technical corrections and conforming changes that align the CERL with the provisions of the PEPRA. In particular, the bill clarifies that Tier 4, Tier 5, Safety Tier D and Safety Tier

E members are eligible to retire at age 70, regardless of years of service, that the Board may, but is not required to, round these members contribution rates to the nearest quarter of one percent, and those rates may be adjusted for any change in the normal cost rate. AB 1380 was effective January 1, 2014. On January 22, 2014, CCCERA's Board exercised the discretion made available by AB 1380 to no longer round the members' contribution rates for PEPRA members to the nearest quarter of one percent as previously required by PEPRA. This should allow for exactly one-half of the Normal Cost to be paid by the employees and by the employers covered under the PEPRA tiers.

In November 2012, the County Board of Supervisors approved two memoranda of understanding (deputy district attorneys and public defenders) that stipulated new CCCERA members who become members after December 31, 2012 within these bargaining units will earn retirement benefits that will be subject to a maximum annual COLA of 2%. As a result, CCCERA created a second Tier 5 for general members subject to this COLA provision. Other bargaining units (including units covering Tier 4 members) have since agreed to this COLA provision for those who become members after a certain date. Members in bargaining units subject to this COLA provision will be placed in General Tier 4 or 5 (2% max COLA) or Safety Tier E.

In September 2013, the Board approved using base pay only for purposes of pensionable compensation for PEPRA members and to exclude all other special compensation beyond base pay. In addition, the Board clarified that separate pay items for premium pay to comply with the Fair Labor Standards Act (FLSA) and the Fire Retirement Allotment for the Moraga-Orinda Fire Protection District are to be excluded from pensionable compensation. In September 2014, the Board adopted a written policy to this effect, "Policy On Determining Pensionable Compensation Under PEPRA For Purposes Of Calculating Retirement Benefits."

Benefits are administered by the Board under the provisions of CERL and PEPRA. Annual COLAs to retirement benefits are provided for under CERL. Service retirements are based on age, length of service, and final compensation. 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 1***

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 Government Code Section 31676.11 for the Non-enhanced tier and Section 31676.16 for the Enhanced tier. The final compensation is based on a one-year average.

***General – Tier 2***

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 Tier 1 to Tier 2 were eligible for non-service connected disability retirement with five years of service. The definition of a disability is stricter under Tier 2 than under Tier 1. The retirement benefit is based on Government Code Section 31752. The final compensation is based on a three-year average.

***General – Tier 3***

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with ten years of service credit required. The definition of disability is the same as Tier 2. The retirement benefit is based on Government Code Section 31676.16. The final compensation is based on a one-year average.

***General – Tier 4***

Members may elect service retirement at age 70 regardless of service, or at age 52 with 5 years of service. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with five years of service credit required. The definition of disability is the same as Tier 1. The retirement benefit is based on Government Code Section 7522.20. The final compensation is based on a three-year average.

***General – Tier 5***

Members may elect service retirement at age 70 regardless of service, or at age 52 with 5 years of service. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with ten years of service credit required. The definition of disability is the same as Tier 3. The retirement benefit is based on Government Code Section 7522.20. The final compensation is based on a three-year average.

***Safety Tier A***

Members may elect service retirement at age 70 regardless of service, or 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 Government Code Section 31664 for the Non-enhanced tier and Section 31664.1 for the Enhanced tier. The final compensation is based on a one-year average.

***Safety Tier C***

Members may elect service retirement at age 70 regardless of service, or 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 Government Code Section 31664.1. The final compensation is based on a three-year average.

***Safety Tier D and Tier E***

Members may elect service retirement at age 70 regardless of service, or at 50 with 5 years of service. 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 Government Code Section 7522.25(d). The final compensation is based on a three-year average. Safety Tiers D and E differ only in the COLA provision.

Additional information regarding CCCERA's benefits is included in the Benefit Handbook, available at *cccera.org*.

## Cost-of-Living Adjustments (COLA)

The CERL 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 apply a COLA effective April 1st of each year. This adjustment is based on the change in the San Francisco-Oakland-San Jose area Consumer Price Index and is limited to the maximum of two percent for certain Tier 4 and Tier 5 members, depending on Memoranda of Understanding (MOU), and all Safety Tier C and Safety Tier E members; a maximum of three percent for Tier 1, Tier 3 (service retirement), certain Tier 4 and Tier 5 (service retirement), Safety Tier A and Safety Tier D members; and a maximum of four percent for Tier 2, Tier 3 (disability retirement), and certain Tier 5 (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 regardless of years of service as a result of the enactment of AB 2766, which amends Section 31629.5 of CERL. A member who continues membership under this ruling is granted a deferred 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 and in accordance with accounting principles generally accepted in the United States of America (GAAP), under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employee and employer contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. All investment purchases and sales are recorded on the trade date. The net appreciation/(depreciation) in fair value of investments held by CCCERA is recorded as an increase/(decrease) to investment income based on the valuation of investments at June 30th and December 31st.

## Cash Equivalents

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

## Methods Used to Value Investments

Plan investments are reported at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment 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. CCCERA's Real Asset program contains investments in both publicly traded securities and private partnerships. These investments include, but are not limited to, equities, bonds, TIPS (Treasury Inflation Protected Securities), commodities, and natural resources. The goal of the program is to provide a hedge against inflation and to reduce market volatility over the investment cycle.

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 February 24, 2014.

## Asset Allocation Policy

The allocation of investment assets within CCCERA's portfolio is approved by the Board as outlined in the investment policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The table below provides the Board's adopted asset allocation policy as of December 31, 2014.

| **Asset Allocation Policy** As of December 31, 2014 | |
|---|---|
| ***Asset Class*** | **Target Allocation** |
| Global Equity | 42.60% |
| Global Fixed Income | 24.40% |
| High Yield Fixed Income | 5.00% |
| Real Estate | 12.50% |
| Real Assets | 5.00% |
| Alternative Investments | 10.00% |
| Opportunistic | 0.00% |
| Cash | 0.50% |
| **TOTAL** | **100.00%** |

### 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, 2014 and 2013.

### 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 2014 and 2013, this amount totaled $130,679 and $117,778, 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, 2014 and 2013 was $201,083 and $203,424, respectively. Accumulated depreciation/amortization for the years ended December 31, 2014 and 2013, was $2,350,135 and $2,149,052, respectively.

### Income Taxes

The Internal Revenue Service has ruled that plans such as CCCERA qualify under Section 401(a) of the Internal Revenue Code and are not subject to tax under present tax laws. In December 2014, CCCERA received a favorable letter of determination from the Internal Revenue Service (IRS). Accordingly, no provision for income taxes has been made in the accompanying basic financial statements, as the Plan is exempt from federal and state income taxes under provisions of the Internal Revenue Code, Section 401, and California Revenue and Taxation Code, Section 23701, respectively. CCCERA had previously applied for, and received, two favorable Letters of Determination from the IRS in 1987 and 2013. CCCERA is now on a regular 5-year cycle for filing an application with the IRS for a letter of determination.

### Compensated Absences

The December 31, 2014 and 2013 liability for accumulated annual leave earned by CCCERA employees totaling $277,844 and $276,499, respectively, included in the other liabilities on the Statement of Fiduciary Net Position, 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.

### Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

CCCERA implemented all applicable new GASB pronouncements in the years ended December 31, 2014 and 2013, as required by each statement. The most recent pronouncements, effective for the year ended December 31, 2014, are provided below.

**Statement No. 67**, *Financial Reporting for Pension Plans* (replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*) establishes standards of financial reporting for pension plans that separately issue financial reports and specifies the required approach for measuring and disclosing a participating employer's pension liability. This statement is effective for financial statements for periods beginning after June 15, 2013. This statement has a material impact on CCCERA's financial statements beginning with the year ended December 31, 2014, as the disclosures, required supplementary information and notes to the required supplementary information were significantly altered to comply with GASB Statement No. 67. The total pension liability, determined in accordance with GASB Statement No. 67, is presented in Note 5, *Net Pension Liability*, and in the required supplementary information on page 58. While no longer included in required supplementary information, the tables displaying the Plan's funding status are presented in the actuarial section of this document.

**Statement No. 69**, *Governmental Combinations and Disposals of Government Operations*, requires disclosures to be made about governmental combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This statement has no material impact on CCCERA's financial statements.

**Statement No. 70**, *Accounting and Financial Reporting for Nonexchange and Financial Guarantees*, establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2013. This statement has no material impact on CCCERA's financial statements.

## 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, real assets, 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.

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, 2014:

**Investment Maturities (In Years)**
As of December 31, 2014

*(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) | $27,616 | $151,454 | $68,888 | $181,968 | $429,926 |
| Collateralized Mortgage Obligations (CMO) | 90 | 3,009 | (2,285) | 39,387 | 40,201 |
| Corporate Bonds | 40,208 | 323,766 | 534,120 | 95,244 | 993,338 |
| Short-Term Investment Fund (STIF) Instruments | 32,793 | 64,088 | 17,998 | 201,357 | 316,236 |
| US Treasury Notes & Bonds | 16,479 | 204,224 | 65,543 | 85,629 | 371,875 |
| US Agencies (GNMA, FNMA, FHLMC) | 3,147 | 2,272 | 22,965 | 200,325 | 228,709 |
| **TOTALS:** | **$120,333** | **$748,813** | **$707,229** | **$803,910** | **$2,380,285** |

### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, CCCERA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. Under California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local governmental 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 $4,296,231 (which are included in cash equivalents) and the bank balance was $4,639,054. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Effective January 1, 2013, funds deposited in a non-interest bearing account no longer receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, any non-interest bearing transaction deposit account over $250,000 is not insured by the FDIC.

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.

### *Money-Weighted Rate of Return*

For the years ended December 31, 2014 and 2013, the annual money-weighted rate of return on the assets of the Plan, net of investment expense, was 7.51 percent and 15.62 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

At the April 23, 2014 Board meeting, the Board adopted an investment return assumption for financial reporting purposes that is net of investment expenses and not net of administrative expenses equal to 7.25% per year.

### *Investment Concentrations*

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. As of December 31, 2014 and 2013, CCCERA did not hold investments in any one organization that represents five percent (5%) or more of the Plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

### *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.
- 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.
- Eligible instruments issued pursuant to Securities and Exchange Commision (SEC) Rule 144(a) or Regulation S.
- Commercial paper (including variable rate notes) of issuers rated not less than P-2 by Moody's Investor Services (Moody's) and A-2 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.
- 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.
- Derivatives may be used to obtain exposure to the fixed income markets, to adjust portfolio risk, and to reduce unwanted exposure to foreign currencies.
- Other use of derivatives than noted above, including credit default swaps, interest rate swaps (except for centrally cleared), IOs (Interest Only), POs (Principal Only), inverse floaters and CMO support bonds, shall not in the aggregate exceed 15% of the portfolio measured at the time of investment.
- Other securities as detailed in accordance with the Investment Manager's 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 following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2014 as rated by Standard & Poor's (Dollars in Thousands):

**Credit Risk Ratings**
As of December 31, 2014

| *Quality Ratings* | Fair Value |
|---|---|
| AAA | $326,843 |
| AA+ | 46,277 |
| AA | 33,734 |
| AA- | 34,108 |
| A+ | 24,821 |
| A | 87,918 |
| A- | 104,766 |
| BBB+ | 64,861 |
| BBB | 71,593 |
| BBB- | 98,907 |
| BB+ | 50,525 |
| BB | 50,387 |
| BB- | 50,374 |
| B+ | 62,932 |
| B | 69,342 |
| B- | 69,424 |
| CCC+ | 22,660 |
| CCC | 15,435 |
| CCC- | 4,662 |
| CC | 365 |
| D | 2,726 |
| NR | 1,087,625 |
| **TOTAL CREDIT RISK FIXED INCOME SECURITIES** | **$2,380,285** |

| *Investment Type* | Quality Rating Range |
|---|---|
| Asset-backed securities* | AAA to CCC |
| Convertible bonds | Not rated |
| CMBS | AAA to CCC |
| CMO* | AAA to D |
| Corporate bonds* | AAA to CCC- |
| Municipals | AAA to BBB+ |
| Private placements | AAA to BBB+ |
| Real estate investment trust* | A- to B+ |
| Short-term | AA to A+ |
| U.S. & foreign agencies* | AAA to CCC+ |
| 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 has no formal policy related to foreign currency risk. 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, 2014 is as follows:

**Foreign Currency Risk**
As of December 31, 2014

| | *(Dollars in Thousands)* | | |
|---|---|---|---|
| *Currency* | Fixed Income | Equity | Total |
| Australian Dollar | $19,502 | $16,402 | $35,904 |
| Brazilian Real | (241) | 10,851 | 10,610 |
| British Pound Sterling | 39,518 | 122,561 | 162,079 |
| Canadian Dollar | 31,390 | 18,223 | 49,613 |
| Colombian Peso | 1,272 | - | 1,272 |
| Czech Koruna | 2,693 | - | 2,693 |
| Danish Krone | 2,218 | 8,618 | 10,836 |
| Euro Currency | 97,073 | 113,865 | 210,938 |
| Hong Kong Dollar | 2,878 | 39,149 | 42,027 |
| Indian Rupee | - | 18,211 | 18,211 |
| Indonesian Rupiah | - | 2,362 | 2,362 |
| Israeli Shekel | 1,079 | - | 1,079 |
| Japanese Yen | 36,760 | 94,520 | 131,280 |
| Malaysian Ringgit | 7,324 | - | 7,324 |
| Mexican Peso | 12,107 | 8,232 | 20,339 |
| New Zealand Dollar | 14,072 | - | 14,072 |
| Norwegian Krone | 11,280 | 4,368 | 15,648 |
| Peruvian Nuevo Sol | 5,313 | - | 5,313 |
| Philippines Peso | 6,362 | - | 6,362 |
| Singapore Dollar | 3,129 | - | 3,129 |
| South Africa Rand | - | 8,689 | 8,689 |
| South Korean Won | 2,901 | 11,253 | 14,154 |
| Swedish Krona | 4,372 | 24,500 | 28,872 |
| Swiss Franc | 4,857 | 33,555 | 38,412 |
| Taiwan New Dollar | - | 8,678 | 8,678 |
| Thailand Bait | 1,137 | 3,217 | 4,354 |
| Turkish Lira | 1 | 852 | 853 |
| United Arab Emirates Dirham | - | 1,129 | 1,129 |
| Yuan Renminbi - China | 10,763 | - | 10,763 |
| **TOTAL SECURITIES SUBJECT TO FOREIGN CURRENCY RISK** | **$317,760** | **$549,235** | **$866,995** |

## 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. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn CCCERA receives cash as collateral and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower. Earnings generated above and beyond the interest paid to the borrower represent the net income to CCCERA from the transaction. 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. The collateral is marked-to-market daily, and if the market value of the securities rises, CCCERA receives additional collateral.

Securities on loan must be collateralized at 102 percent and 105 percent of the fair value of domestic securities and international equity securities, respectively, plus accrued interest (in the case of debt securities). For non-U.S. debt securities loaned, CCCERA follows market practice which requires collateral of 102 percent of the fair value of the loaned 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. At year-end, CCCERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of December 31, 2014, there were no violations of legal or contractual provisions. CCCERA had no losses on securities lending transactions resulting from the default of a borrower for the years ended December 31, 2014 and 2013.

At year-end, additional funds of $530 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 2015. 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, 2014 is $289.6 million which was collateralized by cash and securities in the amount of $296.7 million. The fair value of the cash collateral in the amount of $277.3 million has been reported both as an asset and liability in the accompanying Statement of Fiduciary Net Position.

**Securities Lending**
The following securities were on loan and collateral received as of December 31, 2014:

*(Dollars in Thousands)*

| *Securities on Loan* | Fair Value of Securities on Loan | Cash Collateral* | Non-Cash Collateral | Calculated Mark* | Collateral Percentage |
|---|---|---|---|---|---|
| U.S. Corporate Fixed and Equity | $163,590 | $158,687 | $9,751 | $(825) | 102.5% |
| U.S. Government | 125,059 | 117,709 | 9,701 | 233 | 102.1% |
| Non-U.S. Fixed Income | 903 | 858 | - | 62 | 102.0% |
| **TOTAL** | **$289,552** | **$277,254** | **$19,452** | **$(530)** | **102.3%** |

*Additional funds known as the "calculated mark" are due from/to the borrower to bring collateral to 102% for domestic and non-U.S. debt securities.

# Note 5.
# Net Pension Liability

Statement No. 67 of the Governmental Accounting Standards Board (GASB) requires public pension plans to provide a net pension liability. The net pension liability is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. The components of CCCERA's (the Plan's) net position liability as of December 31, 2014 and 2013 are as follows:

**Net Pension Liability**

*(Dollars in Thousands)*

| | As of December 31, 2014 | As of December 31, 2013 |
|---|---|---|
| Total Pension Liability (a) | $8,104,611 | $7,929,767 |
| Plan Fiduciary Net Position (b) | 6,908,910 | 6,458,318 |
| Net Pension Liability (a) - (b) | **$1,195,701** | **$1,471,449** |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a) | **85.2%** | **81.4%** |

## Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and investment returns. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability as of December 31, 2014 and 2013 was determined by completing a roll-forward calculation based on actuarial valuations as of December 31, 2013 and 2012, respectively, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used are presented in the following table.

**Key Methods and Assumptions Used in Valuation of Total Pension Liability**

| | |
|---|---|
| Valuation Date | Actuarial determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported. |
| Actuarial Experience Study | 3 Year Period Ending December 31, 2012 |
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level Percent of payroll (4.00% payroll growth assumed) |
| Remaining Amortization Period | Remaining balance of December 31, 2007 Unfunded Actuarial Accrued Liability (UAAL) is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 is separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive. |
| Asset Valuation Method | 5 year Smoothed Market, excluding non-valuation reserves and designations* |
| **Actuarial Assumptions:** | |
| Investment Rate of Return | 7.25%, net of pension plan investment expense, including inflation |
| Inflation Rate | 3.25% |
| Projected Salary Increases | General: 4.75% to 13.50%<br>Safety: 4.75% to 14.00%, varying by service, including inflation. |
| Cost-of-Living Adjustments | 3.00% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E, PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) members are assumed to increase at 2.00% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI). |
| **Other Assumptions:** | Generally the same as those used in the December 31, 2013 funding actuarial valuation and will be used in the December 31, 2014 funding actuarial valuation except the following: |
| Leave Cashout Assumption for Safety Tier C | December 31, 2013 Assumption: Leave cashouts of 0.25% of final average pay; December 31, 2014 Assumption: Leave cashouts of 0.00% of final average pay. |

*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.

### Long-Term Expected Real Rate of Return

The long-term expected rate of return on Plan investments was determined in 2013 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocations (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized in the table below.

**Long-Term Expected Real Rate of Return**

| *Asset Class* | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Large Cap U.S. Equity | 13.60% | 6.09% |
| Small Cap U.S. Equity | 5.80% | 6.79% |
| Developed International Equity | 17.60% | 6.66% |
| Emerging Markets Equity | 5.60% | 8.02% |
| U.S. Core Fixed Income | 16.10% | 0.83% |
| International Bonds | 3.30% | 0.69% |
| High Yield Bonds | 5.00% | 3.32% |
| Inflation-Indexed Bonds | 1.66% | 0.73% |
| Long Duration Fixed Income | 5.00% | 1.45% |
| Real Estate | 12.50% | 4.83% |
| Commodities | 1.67% | 4.71% |
| Private Equity | 10.00% | 8.95% |
| Alternative Investment (Timber) | 1.67% | 4.20% |
| Cash & Equivalents | 0.50% | 0.25% |
| **TOTAL** | **100.00%** | |

### Mortality Rates

Mortality rates used in the latest actuarial valuation are based on the RP-2000 Combined Healthy Mortality Table projected to 2030 using Projection Scale AA, set back one year for General Members and two years for Safety Members. The rates used in evaluating disability allowances were based on the RP-2000 Combined Healthy Mortality Table projected to 2030 using Projection Scale AA, set forward six years for males and seven years for females for General and three years for Safety.

### Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of December 31, 2014 and December 31, 2013. The projection of cash flows used to determine the discount rate assumed Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current Plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan members and their beneficiaries, as well as projected contributions from future Plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2014 and December 31, 2013.

The following table presents the net pension liability of participating employers calculated using the discount rate of 7.25% as of December 31, 2014 as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**
As of December 31, 2014

*(Dollars in Thousands)*

| | 1% Decrease (6.25%) | Current Rate Discount (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Net Pension Liability | $2,273,126 | $1,195,701 | $308,722 |

## Note 6.
## Derivative Financial Instruments

As of December 31, 2014, 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 Fiduciary Net Position.

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, 2014 with the net appreciation/(depreciation) that has occurred during the year:

**Fair Value**
As of December 31, 2014

*(Dollars in Thousands)*

| *Investment Derivatives by Type* | Net Appreciation/ (Depreciation) in Fair Value Amount | Classifications | Fair Value | Notional Amount |
|---|---|---|---|---|
| Credit Default Swaps Bought | $96 | Debt Securities | $ - | $ - |
| Credit Default Swaps Written | (237) | Debt Securities | 2,010 | 139,900 |
| Fixed Income Futures Long | 4,320 | Debt Securities | - | 218,912 |
| Fixed Income Futures Short | (3,239) | Debt Securities | - | (91,535) |
| Fixed Income Options Bought | (72) | Debt Securities | 2,395 | 260,500 |
| Fixed Income Options Written | 659 | Debt Securities | (2,485) | (316,882) |
| Foreign Currency Options Bought | (9) | Debt Securities | - | - |
| Foreign Currency Options Written | (1,395) | Debt Securities | (761) | (45,562) |
| Futures Options Written | 141 | Debt Securities | - | - |
| FX Forwards | 10,989 | Contracts | 4,344 | 536,471 |
| Index Futures Long | 31,336 | Debt Securities | - | 126 |
| Index Options Written | (4) | Debt Securities | (13) | (5,002) |
| Pay Fixed Interest Rate Swaps | (12,579) | Debt Securities | (11,755) | 284,989 |
| Receive Fixed Interest Rate Swaps | 7,137 | Debt Securities | 5,650 | 332,371 |
| Rights | 42 | Equities | 41 | 6 |
| Warrants | (164) | Equities | 483 | 73 |
| **TOTAL** | **$37,021** | | **$(91)** | |

Valuation methods are more fully described in Note 2, *Summary of Significant Accounting Policies*, 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, 2014, 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, 2014.

## Counterparty Credit Risk

Counterparty credit ratings of CCCERA's non-exchange traded investment derivative instruments (approximately $16.9 million) and subject to loss as of December 31, 2014, ranged from AA- to A- per Standard & Poor's rating with similar ratings from Moody's and Fitch Ratings (Fitch). 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, 2014, CCCERA does not hold any collateral related to its non-exchange traded derivative instruments. The approximate $16.9 million represents the maximum loss that would be recognized at December 31, 2014 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, 2014, 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, 2014

| *Counterparty* | Percentage of Net Exposure | Standard & Poor's |
|---|---|---|
| DEUTSCHE BANK CME | 24% | A |
| JPMORGAN CHASE BANK N.A | 12% | A+ |
| HSBC BANK USA | 10% | AA- |
| CREDIT SUISSE FOB CME | 9% | A |
| CITIBANK N.A. | 8% | A |
| MORGAN STANLEY CME | 6% | A- |
| CANADIAN IMPERIAL BANK OF COMMERCE | 5% | A+ |
| CREDIT SUISSE FOB ICE | 4% | A |
| GOLDMAN SACHS CAPITAL MARKETS LP | 4% | A- |
| GOLDMAN SACHS INTERNATIONAL | 2% | A- |
| BANK OF NEW YORK | 2% | A+ |
| AUSTRALIA AND NEW ZEALAND BANKING GROUP | 2% | AA- |
| BANK OF AMERICA, N.A. | 2% | A |
| ROYAL BANK OF CANADA | 2% | AA- |
| JPMORGAN CHASE BANK N.A. LONDON | 1% | A+ |
| UBS AG | 1% | A |
| CREDIT SUISSE INTERNATIONAL | 1% | A |
| DEUTSCHE BANK AG LONDON | 1% | A |
| BNP PARIBAS SA | 1% | A+ |
| 17 OTHERS | Less than 1% | Not rated to AA- |

## 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, 2014, 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 2014, 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, 2014 and maturities are as follows:

**Interest Rate Risk**

*(Dollars in Thousands)*

| *Investment Derivatives by Type* | Fair Value | Less Than 1 Year | 1-5 Years | 6-10 Years | More than 10 Years |
|---|---|---|---|---|---|
| Credit Default Swaps Written | $2,010 | $ - | $2,243 | $ - | $(233) |
| Fixed Income Options Bought | 2,395 | 1,331 | 1,064 | - | - |
| Fixed Income Options Written | (2,485) | (1,342) | (1,143) | - | - |
| Pay Fixed Interest Rate Swaps | (11,755) | - | (1,229) | (7,123) | (3,403) |
| Receive Fixed Interest Rate Swaps | 5,650 | (4) | 4,078 | 789 | 787 |
| **TOTAL** | **$(4,185)** | **$(15)** | **$5,013** | **$(6,334)** | **$(2,849)** |

The interest rate swaps and options are highly sensitive to interest rate changes. As of December 31, 2014, they had a fair value of approximately $(4.2) million and an approximate notional value of $828.3 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, 2014, the following currencies were either in a receivable position (purchased) or payable position (sold) with net exposure, denominated in United States Dollars:

**Foreign Currency Risk in International Investment Securities**

*(Dollars in Thousands)*

| *Currency Name* | Options | Net Receivable (Purchased) | Net Payable (Sold) | Swaps | Exposure |
|---|---|---|---|---|---|
| AUSTRALIAN DOLLAR | $(80) | $(221) | $1,389 | $1,088 | $2,176 |
| BRAZILIAN REAL | - | (79) | 92 | (241) | (228) |
| BRITISH POUND STERLING | (60) | (40) | 188 | (940) | (852) |
| CANADIAN DOLLAR | - | (27) | 423 | 277 | 673 |
| CHILEAN PESO | - | (3) | - | - | (3) |
| COLOMBIAN PESO | - | (2) | 207 | - | 205 |
| CZECH KORUNA | - | (9) | 68 | - | 59 |
| DANISH KRONE | - | - | 30 | - | 30 |
| EURO CURRENCY | (83) | (1,875) | 2,554 | (1,334) | (738) |
| HUNGARIAN FORINT | - | (31) | - | - | (31) |
| INDIAN RUPEE | - | (128) | (18) | - | (146) |
| INDONESIAN RUPIAH | - | 8 | (9) | - | (1) |
| ISRAELI SHEKEL | - | 16 | 37 | - | 53 |
| JAPANESE YEN | - | (1,381) | 983 | 98 | (300) |
| MALAYSIAN RINGGIT | - | - | (6) | - | (6) |
| MEXICAN PESO | - | (117) | 977 | (44) | 816 |
| NEW RUSSIAN RUBLE | - | (4) | 6 | - | 2 |
| NEW ZEALAND DOLLAR | - | 1 | 54 | 20 | 75 |
| NORWEGIAN KRONE | - | (146) | 1,201 | (96) | 959 |
| PERUVIAN NUEVO SOL | - | - | 40 | - | 40 |
| PHILIPPINE PESO | - | - | (6) | - | (6) |
| POLISH ZLOTY | - | (14) | 11 | - | (3) |

(Table continued on next page)

**Foreign Currency Risk in International Investment Securities** (Continued)

*(Dollars in Thousands)*

| *Currency Name* | Options | Net Receivable (Purchased) | Net Payable (Sold) | Swaps | Exposure |
|---|---|---|---|---|---|
| SINGAPORE DOLLAR | - | - | 49 | - | 49 |
| SOUTH AFRICAN RAND | - | (65) | 77 | - | 12 |
| SOUTH KOREAN WON | - | 7 | (2) | - | 5 |
| SWEDISH KRONA | - | - | 59 | (31) | 28 |
| SWISS FRANC | - | (2) | 61 | (32) | 27 |
| TURKISH LIRA | - | (38) | 7 | - | (31) |
| YUAN RENMINBI-CHINA | - | 5 | 17 | - | 22 |
| **TOTAL** | **$(223)** | **$(4,145)** | **$8,489** | **$(1,235)** | **$2,886** |

### Contingent Features

As of December 31, 2014, CCCERA held no investments with contingent features.

## Note 7.
## Contributions

Participating employers and active Plan members are required to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code Sections 31453.5, 31454 and 7522.52, for participating employers, and Government Code Sections 31621.7 (Contra Costa), 31639.25 and 7522.30 for active Plan members. The contribution requirements are established and may be amended by the Board pursuant to Article 1 of CERL, which is consistent with the Plan's Actuarial Funding Policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that considers the mortality, service, age and tier, and compensation experience of the members and beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active Plan members' contributions through negotiations and bargaining agreements subject to restrictions in CERL and PEPRA.

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 CERL, the Retirement Board recommends annual contribution rates for approval by the Board of Supervisors. These contribution rates are determined in accordance with the Plan's Actuarial Funding Policy, which has the following goals:

1. To determine future contributions that, together with current Plan assets, are expected to be sufficient to provide for all benefits provided by CCCERA;
2. To seek reasonable and equitable allocation of the cost of benefits over time including the goal that annual contributions should, to the extent reasonably possible, maintain a close relationship to both the expected cost of each year of service and to variations around that expected cost;
3. To manage and control future contribution volatility to the extent reasonably possible, consistent with other policy goals; and,
4. To support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of whether, how and when the Plan sponsors will meet the funding requirements of the Plan.

The "Entry Age" method is used to determine the normal cost and the Actuarial Accrued Liability (AAL). Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Accrued Liability (UAAL). Normal cost under the Entry Age method is the annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement benefit if all underlying assumptions are met. The UAAL is the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets.

The rates for Legacy members (those subject to a benefit formula in CERL) are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and tier. The rates for PEPRA members (new members on or after January 1, 2013) are equal to one-half the normal cost of their defined benefit plan.

Member contribution rates for CCCERA members are between 7.92% and 22.99% of annual covered salary, depending on employer and tier. Certain Safety members (including Legacy members with Contra Costa and Moraga-Orinda Fire Protection Districts) contribute an additional 9.0% of the employer's increase in contributions attributed to the adoption of the enhanced (3% at 50) benefit. Member contributions are refundable upon termination of employment.

In October 2011, the County subsidy for the management employee basic retirement contribution was eliminated for certain employees. These employees are responsible for paying 100% of both the employee's basic and COLA contribution as adopted by the Board. Effective January 1, 2012, the subsidy was removed for new hires and employees within the Labor Coalition. As of December 31, 2014, Contra Costa County and eight other CCCERA employers subsidize some portion of the employee basic retirement contribution for at least some employees.

During the year ended December 31, 2014, contributions totaled approximately $372.1 million which included $293.8 million in employer contributions and $78.3 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.

Ten-year historical trend information, designed to provide information about CCCERA's progress in accumulating sufficient assets to pay benefits when due, is presented in the actuarial section of this report on page 93.

As noted in Note 1, *Plan Description*, the Governor approved Assembly Bill 1380 (AB 1380) in September 2013, which makes various technical corrections and conforming changes that align CERL with the provisions of PEPRA. In particular, the bill stipulates that the Board may, but is not required to, round the member contribution rates for PEPRA members to the nearest quarter of one percent, and those rates may be adjusted for any change in the normal cost rate. AB 1380 was effective January 1, 2014. On January 22, 2014, CCCERA's Board exercised the discretion made available by AB 1380 to no longer round the member's contribution rates for PEPRA members to the nearest quarter of one percent as previously required. This should allow for exactly one-half of the Normal Cost to be paid by the employees and by the employers covered under the PEPRA plan.

On February 26, 2014, CCCERA's Actuarial Funding Policy was adopted by the Board. The funding policy documented the current practice in the form of a written policy. There were no changes made to the actuarial cost method, the asset valuation method, or the amortization of any current sources of unfunded actuarial accrued liability. The changes to the amortization policy were restricted to situations that may arise in the future.

On August 13, 2014, the Board approved changes to the leave cashout (formerly terminal pay) assumptions. These changes were adopted due to AB 197 and the Superior Court's final ruling (see Note 1, *Plan Description*) to implement the law for retirements after July 11, 2014. The Board also adopted a policy to include the leave cashout assumptions in the calculation of the members' basic contribution rates effective with the December 31, 2014 Actuarial Valuation.

## Note 8.
## Reserves and Designations

All employer and Plan member contributions are allocated to various reserve accounts based on the recommendation of the Plan's actuary, as approved by the Board and, where applicable, as required by the CERL. CCCERA currently does not set aside a separate reserve for purposes of benefit increases or reduced employer contributions. Reserves are established from member and employer contributions and the accumulations of investment income after satisfying investment and administrative expenses. The reserves do not represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due. Following are brief explanations of the reserves and designations used by CCCERA:

***Member Deposits Reserve*** represents the balance of members' accumulated contributions. Additions include member contributions and credited interest; deductions include refunds of member contributions and transfers to Retired Member Reserve upon retirement.

***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 transfers of accumulated contributions of members who have retired, employer contributions needed to fund retired member benefits as determined by the actuary and credited interest 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.

***Contra Tracking Account*** 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 reduced to zero before replenishing the Contingency Reserve or allocating earnings to any discretionary uses.

***Post Retirement Death Benefit Reserve*** represents the balance of transfers from excess earnings and related earnings, less lump sum death benefit payments to the beneficiaries of retirees.

***Contingency Reserve*** represents reserves 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 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 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.

***Total Deferred Return*** represents the unrecognized return after smoothing of investment gains and losses based on a five-year smoothing method. This method smooths only the semi-annual deviation of total market return (net of expenses) from the actuarial assumption, currently 7.25 percent per annum.

At the August 13, 2014 Board meeting, CCCERA changed the methodology for the rate of interest that is credited to reserves to be the semi-annual compounded rate that would result in an annual rate that equals the investment return assumption. Based on the 7.25% investment return assumption, the semi-annual crediting rate would be 3.5616%.

Reserved and designed fiduciary net position as of December 31, 2014 and 2013 are as follows:

**Reserved and Designated Fiduciary Net Position**
As of December 31, 2014 and 2013

| *(Dollars in Thousands)* | 2014 | 2013 |
|---|---|---|
| ***Valuation Reserves:*** | | |
| **Member Deposits Reserve** | | |
| Basic | $586,388 | $554,689 |
| Cost-of-Living | 312,832 | 289,979 |
| **Employer Advance Reserve** | | |
| Basic | 1,494,235 | 1,919,723 |
| Cost-of-Living | 608,072 | 1,370,665 |
| **Retired Member Reserve** | | |
| Basic | 3,109,447 | 2,409,084 |
| Cost-of-Living | 2,138,360 | 1,164,712 |
| New Dollar Power Cost-of-Living Supplement | 8,503 | 10,331 |
| **Contra Tracking Account** | (1,700,341) | (1,811,766) |
| **TOTAL VALUATION RESERVES** | **6,557,496** | **5,907,417** |
| | | |
| ***Supplemental Reserves:*** | | |
| Post Retirement Death Benefit Reserve | 15,064 | 15,033 |
| | | |
| ***Other Reserves/Designations*** | | |
| Contingency Reserve (one percent) | 0 | 0 |
| | | |
| **TOTAL ALLOCATED RESERVES/DESIGNATIONS** | **6,572,560** | **5,922,450** |
| | | |
| Total Deferred Return | 336,350 | 535,868 |
| | | |
| **NET POSITION - RESTRICTED FOR PENSIONS** | **$6,908,910** | **$6,458,318** |

## Note 9. Actuarial Valuation

The CERL requires an actuarial valuation to be performed at least every three years for the purpose of measuring the Plan's funding progress and setting contribution rates. CCCERA exceeds this requirement by engaging an independent actuarial consulting firm to perform an actuarial valuation for the pension plan annually. The purpose of the valuation is to evaluate the assets and liabilities of the Plan and determine necessary changes in member and employer contribution rates.

The actuarial assumptions and methods have been selected in order to help ensure the systematic funding of future benefit payments for CCCERA members, and to maintain equity among generations of participants and taxpayers. Actuarial standards guide the frequency to which an investigation of experience (experience study) is performed. CCCERA engages an independent actuarial consulting firm to perform the experience study at least every three years. The economic and demographic assumptions are reviewed and updated as required each time an experience study is performed. If assumptions are modified as a result of the experience study, member and employer contribution requirements are adjusted to take into account the change in the projected experience of the Plan.

CCCERA's most recent actuarial valuation, dated December 31, 2013, reflects changes in the leave cashout (terminal pay) assumptions adopted by the Board. These changes were adopted due to AB 197 and the Superior Court's final ruling to implement the law for retirements after July 11, 2014. These assumption changes resulted in a decrease in the average employer rate of 4.1% of payroll and a decrease in the average member rate of 0.3% of payroll. In addition, the results of the valuation also reflect that the Board adopted an Actuarial Funding Policy on February 26, 2014. The new funding policy changed the amortization period for future Plan amendments and surpluses. These changes did not impact the employer contribution rate as they only changed amortization periods for possible future changes in liability. The most recent complete review of economic and demographic assumptions was for the period January 1, 2010 through December 31, 2012.

The valuation discloses the actuarial value of assets at $5.9 billion with an actuarial accrued liability of $7.7 billion for a funded ratio of 76.4%. The UAAL is $1.8 billion, which is 268.4% of the $679 million covered payroll. A schedule of CCCERA's funding progress may be found in the actuarial section on page 93. The schedule of funding progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Additional information regarding the actuarial methods and significant assumptions used as of the latest actuarial valuation of Plan assets and liabilities is shown below.

| Latest Actuarial Valuation of Plan Assets and Liabilities | |
|---|---|
| Valuation Date | December 31, 2013 |
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level Percent of payroll for total unfunded liability (4.00% payroll growth assumed) |
| Remaining Amortization Period | Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive. |
| Asset Valuation Method | 5 year Smoothed Market, excluding non-valuation reserves and designations. 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 value of the non-valuation reserves and designations. |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.25%, net of investments and administrative expenses |
| Inflation Rate | 3.25% |
| Real Across-the-Board Salary Increases | 0.75% |
| Projected Salary Increases - General | 4.75% to 13.50%* |
| Projected Salary Increases - Safety | 4.75% to 14.00%* |
| Cost-of-Living Adjustments | 3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tier 4 and Tier 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI). |

*Includes inflation at 3.25% plus "across the board" salary increases of 0.75%, plus merit and promotional increases.

## Note 10.
## Lease Obligation

CCCERA owns the Willows Office Park located at 1355 Willow Way, Concord, California and has held this property as a real estate investment since 1984. The property manager for the Willows Office Park is Transwestern. 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, 2019. These future minimum rental payments as of December 31, 2014 are as follows:

**Lease Obligation**

| *Year Ending December 31* | *Amount* |
|---|---:|
| 2015 | $397,147 |
| 2016 | 409,129 |
| 2017 | 421,110 |
| 2018 | 433,091 |
| 2019* | 331,558 |
| **TOTAL** | **$1,992,035** |

* Lease expires September 30, 2019.

## Note 11.
## Risk Management

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

## Note 12.
## Paulson Lawsuit Settlement

During the year ended December 31, 1999, CCCERA settled its litigation, entitled *Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al.* The lawsuit was brought on behalf of a class of retired members of

CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating member's retirement benefits as a result of the Ventura Decision (see Note 7, *Contributions*). 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. The following summary lists the pertinent details of the County's agreement plus the amounts due at December 31, 2014.

**Installment Payments Due from Paulson Final Liability**

*(Dollars in Thousands)*

| | Contra Costa County |
|---|---|
| Agreement Details: | |
| Effective Date of Agreement | December 16, 2003 |
| First Payment Due | August 1, 2004 |
| Last Payment Due | February 1, 2024 |
| Rate of Interest | 8% |
| Annual Principal and Interest Payment | $2,760 |
| Original Principal | $28,065 |
| | |
| Receivable at December 31, 2014: | |
| Future Principal Payments | $17,892 |
| Interest Accrued for 2014 | 597 |
| | $18,489 |

## Note 13.
## Litigation, Commitments, and Contingencies

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

On November 28, 2012, the Contra Costa County Deputy Sheriffs Association (DSA) and other employee groups filed a petition for a writ of mandate with the Contra Costa County Superior Court, seeking to prevent CCCERA from implementing AB 197. AB 197 added Subdivision 31461(b) to the CERL, mandating certain exclusions from compensation for retirement purposes. The Court issued a stay order in this matter, requiring that CCCERA suspend implementation of AB 197 and continue to follow its pre-AB 197 policy on final average salary calculations for 60 days after a final judgment is entered. Final judgment was entered on May 12, 2014, and the matter has been appealed. The Court of Appeal declined to enter an additional stay, and CCCERA was required to implement the Superior Court's final judgment and writ of mandate as to all retirements on or after July 12, 2014. Final resolution of this lawsuit in the courts could take several years.

On August 21, 2014, the DSA and other employee groups filed a petition for a writ of mandate with the Contra Costa County Superior Court, seeking a permanent injunction requiring CCCERA to include multiple in-service leave cash outs in pensionable pay so long as the cash outs were paid or payable during the final average salary period. The lawsuit is related to the 2012 lawsuit referenced above, in that it involves questions regarding whether certain leave payments are "earned and payable" in the final average salary period and therefore pensionable. Final resolution in the court could take several years.

On August 22, 2014 the Governor approved Senate Bill (SB) 673 which made CCCERA the employer for all its staff. The legislation was co-sponsored by Contra Costa County and CCCERA, in accordance with a court-approved Settlement Agreement resolving the *CCCERA BOR vs. Contra Costa County BOS* lawsuit. Effective January 1, 2015, the legislation made CCCERA a separate district participating in the CCCERA retirement system, with its own employees, who will continue to be members of the retirement system.

## Note 14.
## Subsequent Events

On January 1, 2015, CCCERA became an independent district participating in the CCCERA retirement system, as a result of the passage of SB 673. CCCERA is the first CERL Plan to become an independent district for all employees. CCCERA is in the process of negotiating a new Memorandum of Understanding with its represented staff members. The Board adopted its own CCCERA resolution for salary and benefits of unrepresented employees.

On January 14, 2015, the Board approved amending the Board Regulations to provide that sub-committees of the Board may be established if deemed necessary to carry out the business of the Board. The Board will move forward with the establishment of the Audit Committee and will adopt an Audit Committee Charter setting forth the responsibilities given to the Committee, the composition of the committee, and the scheduling of committee meetings.

The CCCERA Board authorized a search for a general investment consultant on January 13, 2014. At the January 28, 2015 Board meeting, the Investment Consultant Search Committee recommended that the Board interview Wurts & Associates for this role. On February 18, 2015, the Board approved retaining Wurts & Associates as the General Investment Consultant for CCCERA. Effective April 14, 2015, Wurts & Associates changed the name of its business to Verus. The name change did not impact the firm's ownership or management structure.

Effective February 28, 2015, Karen Mitchoff, Board of Supervisors Member, resigned from the CCCERA Board. She was appointed to the Bay Area Air Quality District Board of Directors. Supervisor Mitchoff's replacement, Supervisor Candace Andersen, will fulfill the remaining term through June 30, 2017, effective March 1, 2015.

On March 25, 2015, the Board voted to commit $25 million to the Waste Water Opportunity Fund (sponsored by Equilibrium Capital) provided that the fund is able to raise $100 million, excluding CCCERA's $25 million. Waste Water Opportunity Fund expects to have this level of fund raising complete mid-summer. At that time, CCCERA would perform due diligence and legal review, with a signed contract expected during third quarter 2015.

On April 6, 2015, the DSA filed a separate lawsuit seeking damages against CCCERA, its Board and Contra Costa County, seeking a refund of retirement contributions and damages related to CCCERA's implementation of the writ of mandate issued on May 12, 2014 which generally eliminated terminal pay. The plaintiffs claim that they are entitled to either receive a refund of all employer and employee retirement contributions paid in relation to the "terminal pay" benefit, or instead, some other comparable benefit. On April 27, 2015, the Superior Court entered an order staying this action pending the appeal in the AB 197 lawsuit.

Subsequent events were evaluated through June 11, 2015, 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, 2014.

# *Required Supplementary Information*
# Schedule of Changes in Net Pension Liability and Related Ratios

The schedule of changes in net pension liability displays the components of the total pension liability and plan fiduciary net position for the Plan, calculated in conformity with the requirements of GASB Statement No. 67. Covered employee payroll represents the collective total of the Plan eligible wages of all Plan employers.

**Schedule of Changes in Net Pension Liability and Related Ratios**
For Years ended December 31, 2013 through 2014*

| | *(Dollars In Thousands)* | |
|---|---|---|
| | **December 31, 2014** | **December 31, 2013** |
| ***Total Pension Liability*** | | |
| Service cost | $192,257 | $196,463 |
| Interest | 561,216 | 564,441 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | (183,605) | (77,223) |
| Changes of assumptions | (76) | (232,887) |
| Actual benefit payments, including refunds of employee contributions | (394,948) | (374,638) |
| **Net Change in Total Pension Liability** | $174,844 | $76,156 |
| **Total Pension Liability - Beginning** | 7,929,767 | 7,853,611 |
| **Total Pension Liability - Ending (a)** | **$8,104,611** | **$7,929,767** |
| | | |
| ***Plan Fiduciary Net Position*** | | |
| Contributions - employer | $293,760 | $235,017 |
| Contributions - employee | 78,258 | 72,373 |
| Net investment income | 480,502 | 877,761 |
| Benefit payments, including refunds of employee contributions | (394,948) | (374,638) |
| Administrative expense | (6,980) | (6,776) |
| Other | - | - |
| **Net Changes in Plan Fiduciary Net Position** | **$450,592** | **$803,737** |
| | | |
| **Plan Fiduciary Net Position - Beginning** | **6,458,318** | **5,654,581** |
| **Plan Fiduciary Net Position - Ending (b)** | **$6,908,910** | **$6,458,318** |
| | | |
| **Net Pension Liability/(Asset) - Ending (a) - (b) = (c)** | **$1,195,701** | **$1,471,449** |
| | | |
| **PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)** | **85.25%** | **81.44%** |
| **COVERED EMPLOYEE PAYROLL (d)** | **$671,486** | **$638,636** |
| **NET PENSION LIABILITY AS PERCENTAGE OF COVERED EMPLOYEE PAYROLL (c) / (d)** | **178.07%** | **230.41%** |

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# Schedule of Net Pension Liability

**Schedule of Net Pension Liability**
For the Years 2013 through 2014*

*(Dollars In Thousands)*

| *Date* | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a) - (b) = (c) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a) | Covered Employee Payroll (d) | Net Pension Liability as a Percentage of Covered Employee Payroll (c) / (d) |
|---|---|---|---|---|---|---|
| 12/31/2014 | $8,104,611 | $6,908,910 | $1,195,701 | 85.25% | $671,486 | 178.07% |
| 12/31/2013 | $7,929,767 | $6,458,318 | $1,471,449 | 81.44% | $638,636 | 230.41% |

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# Schedule of Employer Contributions

**Schedule of Employer Contributions**
For the Years 2005 through 2014

*(Dollars In Thousands)*

| Year Ended December 31 | Actuarially Determined Contributions (a) | Contributions in Relation to the Actuarially Determined Contributions (b) | | Contribution Deficiency/ (Excess) (b) - (a) | Covered - Employee Payroll (c) | Contributions as a Percentage of Covered Employee Payroll (b) / (c) |
|---|---|---|---|---|---|---|
| 2005 | $147,165 | $147,165 | (1) | $ - | $619,132 | 23.77% |
| 2006 | 179,755 | 179,755 | (2) | - | 627,546 | 28.64% |
| 2007 | 196,930 | 196,930 | | - | 653,953 | 30.11% |
| 2008 | 206,519 | 206,519 | | - | 671,618 | 30.75% |
| 2009 | 195,632 | 195,632 | | - | 704,948 | 27.75% |
| 2010 | 183,951 | 183,951 | | - | 694,444 | 26.49% |
| 2011 | 200,389 | 200,389 | | - | 687,443 | 29.15% |
| 2012 | 212,321 | 212,321 | | - | 666,394 | 31.86% |
| 2013 | 228,017 | 228,017 | (3) | - | 638,636 | 35.70% |
| 2014 | 288,760 | 288,760 | (4) | - | 671,486 | 43.00% |

(1) Excludes Pension Obligation Bond proceeds of $153,135; (2) Excludes Pension Obligation Bond proceeds of $11,693; (3) Excludes additional contributions towards UAAL of $7,000; (4) Excludes additional contributions towards UAAL of $5,000. See accompanying notes to this schedule on page 60.

# Schedule of Investment Returns

**Schedule of Investment Returns**
For Years 2013 through 2014*

| | 2014 | 2013 |
|---|---|---|
| Annual Money Weighted Rate of Return, Net of Investment Expense | 7.51% | 15.62% |

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# *Notes to the Required Supplementary Information*

## Note 1.
## Schedule of Changes in Net Pension Liability and Related Ratios

The total pension liability contained in this schedule was provided by the Plan's actuary, Segal Consulting.

## Note 2
## Schedule of Net Pension Liability

The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

## Note 3
## Schedule of Employer Contributions

The required employer contributions and percent of those contributions actually made are presented in this schedule. Actuarial assumptions used for this schedule are presented below.

| **Additional Actuarial Information** Methods and assumptions used to establish "actuarially determined contribution" rates: | |
|---|---|
| **Valuation Date** | Actuarially determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported. |
| **Actuarial Cost Method** | Entry Age |
| **Amortization Method** | Level Percent of payroll (4.00% payroll growth assumed) |
| **Remaining Amortization Period** | Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive. |
| **Asset Valuation Method** | 5 year Smoothed Market, excluding non-valuation reserves and designations.* |
| **Additional Actuarial Information** (Continued) | |
| **Actuarial Assumptions:** | |
| Investment Rate of Return | 7.25%, net of pension plan investment and administrative expenses, including inflation |
| Inflation Rate | 3.25% |
| Real Across-the-Board Salary Increases | 0.75% |
| Projected Salary Increases - General | 4.75% to 13.50%** |
| Projected Salary Increases - Safety | 4.75% to 14.00%** |
| Cost-of-Living Adjustments | 3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tier 4 and Tier 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI). |
| **Other Assumptions** | Generally the same as those used in the December 31, 2013 funding actuarial valuation and will be used in the December 31, 2014 funding actuarial valuation except the following: |
| Leave Cashout Assumption for Safety Tier C | December 31, 2013 Assumption: Leave cashouts of 0.25% of final average pay. December 31, 2014 Assumption: Leave cashouts of 0.00% of final average pay. |

*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 3.25% plus "across the board" salary increases of 0.75%, plus merit and promotional increases.

The information presented in the required supplementary schedules was determined as part of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of December 31, 2014 provided by the Plan's actuary. Additional information as of the latest actuarial valuation of plan assets and liabilities is in the actuarial section.

## Note 4
## Schedule of Investment Returns

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

# *Other Supplementary Information*
# Schedule of Administrative Expenses

**Schedule of Administrative Expenses**
For the Year Ended December 31, 2014 (With Comparative Totals)

| | 2014 | 2013 |
|---|---|---|
| | *(Dollars In Thousands)* | |
| ***Personnel Services:*** | | |
| Salaries and Wages | $2,949 | $2,945 |
| Employee Retirement | 2,246 | 2,066 |
| **TOTAL PERSONNEL SERVICES** | **5,195** | **5,011** |
| ***Professional Services:*** | | |
| Actuary - Benefit Statement | 59 | 59 |
| Computer and Software Services and Support | 298 | 268 |
| County Counsel - Disability | 20 | 104 |
| Disability Hearing Officer/Medical Reviews | 21 | 60 |
| External Audit Fees | 48 | 55 |
| Contra Costa Dept of Information Technology | 35 | 58 |
| Newsletters | 9 | 18 |
| Other Professional Services | 231 | 133 |
| **TOTAL PROFESSIONAL SERVICES** | **721** | **755** |
| ***Office Expenses:*** | | |
| Office Lease | 389 | 341 |
| Office Supplies | 54 | 53 |
| Minor Equipment and Computer Supplies | 8 | 2 |
| Postage | 66 | 70 |
| Equipment Lease | 27 | 25 |
| Requested Maintenance | 1 | 4 |
| Communications/Telephone | 35 | 48 |
| Printing and Publications | 27 | 25 |
| **TOTAL OFFICE EXPENSES** | **607** | **568** |
| ***Miscellaneous:*** | | |
| Fiduciary and Staff - Education/Travel | 79 | 93 |
| Fiduciary and Staff - Meetings/Other Travel | 2 | 2 |
| Insurance | 162 | 117 |
| Memberships | 14 | 26 |
| **TOTAL MISCELLANEOUS** | **257** | **238** |
| **DEPRECIATION AND AMORTIZATION** | **200** | **204** |
| **TOTAL ADMINISTRATIVE EXPENSES** | **$6,980** | **$6,776** |

# Schedule of Investment Expenses

**Schedule of Investment Expenses**
For the Year Ended December 31, 2014 (With Comparative Totals)

| | *(Dollars In Thousands)* | |
|---|---|---|
| | **2014** | **2013** |
| ***Investment Management Fees, by portfolio:*** | | |
| Stocks | $12,550 | $10,607 |
| Bonds | 6,053 | 6,447 |
| Real Assets | 1,834 | 946 |
| Real Estate | 10,020 | 9,550 |
| Alternative | 8,480 | 8,142 |
| Cash and Short-Term | 7 | 6 |
| **TOTAL INVESTMENT MANAGEMENT FEES** | **38,944** | **35,698** |
| ***Investment Consulting Fees:*** | | |
| Consulting Services | 400 | 382 |
| Attorney Services | 46 | 94 |
| Actuarial Services | 321 | 390 |
| **TOTAL INVESTMENT CONSULTING FEES** | **767** | **866** |
| **INVESTMENT CUSTODIAN FEES** | **1,083** | **938** |
| **OTHER INVESTMENT RELATED EXPENSES** | **806** | **656** |
| **TOTAL INVESTMENT EXPENSES** | **$41,600** | **$38,158** |

# Schedule of Payments to Consultants

**Schedule of Payments to Consultants**
For the Year Ended December 31, 2014 (With Comparative Totals)

| *Type of Service* | 2014 | 2013 |
|---|---|---|
| | *(Dollars In Thousands)* | |
| **ACTUARIAL SERVICES** | **$321** | **$390** |
| **BENEFIT STATEMENT SERVICES** | **59** | **59** |
| **DATA PROCESSING** | **35** | **58** |
| **AUDIT SERVICES** | **48** | **55** |
| **Legal Services:** | | |
| Investment Legal Counsel | 46 | 94 |
| Disabilities | 66 | 104 |
| Other Legal Services | 274 | 386 |
| **TOTAL LEGAL SERVICES** | **386** | **584** |
| **INVESTMENT CONSULTANT FEES** | **383** | **350** |
| **INVESTMENT CUSTODIAN FEES** | **1,083** | **938** |
| **PROXY GUIDELINE VOTING AGENT SERVICE** | **17** | **32** |
| **TOTAL PAYMENTS TO CONSULTANTS** | **$2,332** | **$2,466** |

# *Other Information*
# Schedule of Employer Allocations - GASB 68

**Actual Compensation by Employer and Cost Group**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #1 & #2 | Cost Group #1 & #2 Percentage | Cost Group #3 | Cost Group #3 Percentage | Cost Group #4 | Cost Group #4 Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $63,762 | 0.013% | $- | 0.000% | $- | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Mosquito & Vector Control District | 2,840,172 | 0.565% | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | 26,906,131 | 100.000% | - | 0.000% |
| First 5-Children & Families Commission | 1,735,009 | 0.345% | - | 0.000% | - | 0.000% |
| Contra Costa County | 468,102,519 | 93.196% | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | 3,262,463 | 0.650% | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | 52,840 | 0.011% | - | 0.000% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | 4,691,885 | 100.000% |
| In-Home Supportive Services Authority (IHSSA) | 578,877 | 0.115% | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | 202,859 | 0.040% | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | 486,284 | 0.097% | - | 0.000% | - | 0.000% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| Rodeo-Hercules Fire Protection District | 80,616 | 0.016% | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | 2,792,368 | 0.556% | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | 22,081,605 | 4.396% | - | 0.000% | - | 0.000% |
| **TOTAL** | **$502,279,374** | **100.000%** | **$26,906,131** | **100.000%** | **$4,691,885** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Actual Compensation by Employer and Cost Group - Continued**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #5 | Cost Group #5 Percentage | Cost Group #6 | Cost Group #6 Percentage |
|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | 213,716 | 26.612% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | 3,469,231 | 100.000% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% |
| Contra Costa County | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | - | 0.000% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% |
| Rodeo Sanitary District | - | 0.000% | 589,379 | 73.388% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% |
| **TOTAL** | **$3,469,231** | **100.000%** | **$803,095** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Actual Compensation by Employer and Cost Group - Continued**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #7 & #9 | Cost Group #7 & #9 Percentage | Cost Group #8 | Cost Group #8 Percentage | Cost Group #10 | Cost Group #10 Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | - | 0.000% | 26,113,394 | 89.754% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa County | 79,566,908 | 100.000% | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | - | 0.000% | 2,981,124 | 10.246% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | - | 0.000% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% | 6,863,879 | 100.000% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% | - | 0.000% |
| **TOTAL** | **$79,566,908** | **100.000%** | **$29,094,518** | **100.000%** | **$6,863,879** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Actual Compensation by Employer and Cost Group - Concluded**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #11 | Cost Group #11 Percentage | Cost Group #12 | Cost Group #12 Percentage | Total Compensation | Total Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% | $63,762 | 0.009% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | 213,716 | 0.032% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% | 2,840,172 | 0.423% |
| Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | 29,582,625 | 4.406% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% | 26,906,131 | 4.007% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% | 1,735,009 | 0.258% |
| Contra Costa County | - | 0.000% | - | 0.000% | 547,669,428 | 81.561% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% | 3,262,463 | 0.486% |
| East Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | 3,033,964 | 0.452% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | 4,691,885 | 0.699% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% | 578,877 | 0.086% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% | 202,859 | 0.030% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% | 7,350,163 | 1.095% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | 589,379 | 0.088% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | 1,988,894 | 100.000% | 2,069,510 | 0.308% |
| San Ramon Valley Fire Protection District | 15,821,884 | 100.000% | - | 0.000% | 18,614,252 | 2.772% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% | 22,081,605 | 3.288% |
| **TOTAL** | **$15,821,884** | **100.000%** | **$1,988,894** | **100.000%** | **$671,485,798** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #1 & #2 | Cost Group #1 & #2 Percentage | Cost Group #3 | Cost Group #3 Percentage | Cost Group #4 | Cost Group #4 Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $114,600 | 0.013% | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Mosquito & Vector Control District | 5,104,681 | 0.565% | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | 89,535,510 | 100.000% | - | 0.000% |
| First 5-Children & Families Commission | 3,118,357 | 0.345% | - | 0.000% | - | 0.000% |
| Contra Costa County | 841,327,344 | 93.196% | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | 5,863,670 | 0.650% | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | 94,970 | 0.011% | - | 0.000% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | 8,652,807 | 100.000% |
| In-Home Supportive Services Authority (IHSSA) | 1,040,424 | 0.115% | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | 364,601 | 0.040% | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | 874,006 | 0.097% | - | 0.000% | - | 0.000% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| Rodeo-Hercules Fire Protection District | 144,892 | 0.016% | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | 5,018,763 | 0.556% | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | 39,687,583 | 4.396% | - | 0.000% | - | 0.000% |
| **TOTAL** | **$902,753,891** | **100.000%** | **$89,535,510** | **100.000%** | **$8,652,807** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #5 | Cost Group #5 Percentage | Cost Group #6 | Cost Group #6 Percentage |
|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | 66,340 | 26.612% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | 4,878,216 | 100.000% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% |
| Contra Costa County | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | - | 0.000% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% |
| Rodeo Sanitary District | - | 0.000% | 182,951 | 73.388% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% |
| **TOTAL** | **$4,878,216** | **100.000%** | **$249,291** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #7 & #9 | Cost Group #7 & #9 Percentage | Cost Group #8 | Cost Group #8 Percentage | Cost Group #10 | Cost Group #10 Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | - | 0.000% | 212,146,949 | 89.754% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa County | 308,608,013 | 100.000% | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | - | 0.000% | 24,218,850 | 10.246% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | - | 0.000% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% | 28,293,121 | 100.000% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% | - | 0.000% |
| **TOTAL** | **$308,608,013** | **100.000%** | **$236,365,799** | **100.000%** | **$28,293,121** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Concluded**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #11 | Cost Group #11 Percentage | Cost Group #12 | Cost Group #12 Percentage | Total NPL | Total Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% | $114,600 | 0.007% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | 66,340 | 0.004% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% | 5,104,681 | 0.308% |
| Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | 217,025,165 | 13.096% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% | 89,535,510 | 5.403% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% | 3,118,357 | 0.188% |
| Contra Costa County | - | 0.000% | - | 0.000% | 1,149,935,357 | 69.390% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% | 5,863,670 | 0.354% |
| East Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | 24,313,820 | 1.467% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | 8,652,807 | 0.522% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% | 1,040,424 | 0.063% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% | 364,601 | 0.022% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% | 29,167,127 | 1.760% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | 182,951 | 0.011% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | 13,354,320 | 100.000% | 13,499,212 | 0.815% |
| San Ramon Valley Fire Protection District | 64,508,251 | 100.000% | - | 0.000% | 69,527,014 | 4.195% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% | 39,687,583 | 2.395% |
| **TOTAL** | **$64,508,251** | **100.000%** | **$13,354,320** | **100.000%** | **$1,657,199,219** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #1 & #2 | Cost Group #1 & #2 Percentage | Cost Group #3 | Cost Group #3 Percentage | Cost Group #4 | Cost Group #4 Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $114,600 | 0.021% | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Mosquito & Vector Control District | 5,104,681 | 0.942% | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | 89,535,510 | 100.000% | - | 0.000% |
| First 5-Children & Families Commission | 1,683,167 | 0.311% | - | 0.000% | - | 0.000% |
| Contra Costa County | 498,742,275 | 92.016% | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | 5,863,670 | 1.082% | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | 94,970 | 0.018% | - | 0.000% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | 8,652,807 | 100.000% |
| In-Home Supportive Services Authority (IHSSA) | 1,040,424 | 0.192% | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | 364,601 | 0.067% | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | 319,726 | 0.059% | - | 0.000% | - | 0.000% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| Rodeo-Hercules Fire Protection District | 144,892 | 0.027% | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | 5,018,763 | 0.926% | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | 23,526,961 | 4.341% | - | 0.000% | - | 0.000% |
| **TOTAL** | **$542,018,730** | **100.000%** | **$89,535,510** | **100.000%** | **$8,652,807** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #5 | Cost Group #5 Percentage | Cost Group #6 | Cost Group #6 Percentage |
|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | 66,340 | 26.612% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | 4,878,216 | 100.000% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% |
| Contra Costa County | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | - | 0.000% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% |
| Rodeo Sanitary District | - | 0.000% | 182,951 | 73.388% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% |
| **TOTAL** | **$4,878,216** | **100.000%** | **$249,291** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(continued)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #7 & #9 | Cost Group #7 & #9 Percentage | Cost Group #8 | Cost Group #8 Percentage | Cost Group #10 | Cost Group #10 Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% | $ - | 0.000% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa Fire Protection District | - | 0.000% | 111,384,288 | 82.140% | - | 0.000% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% | - | 0.000% |
| Contra Costa County | 308,608,013 | 100.000% | - | 0.000% | - | 0.000% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% | - | 0.000% |
| East Contra Costa Fire Protection District | - | 0.000% | 24,218,850 | 17.860% | - | 0.000% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | - | 0.000% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% | - | 0.000% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% | - | 0.000% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% | 28,293,121 | 100.000% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | - | 0.000% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| San Ramon Valley Fire Protection District | - | 0.000% | - | 0.000% | - | 0.000% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% | - | 0.000% |
| **TOTAL** | **$308,608,013** | **100.000%** | **$135,603,138** | **100.000%** | **$28,293,121** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Allocations - GASB 68 *(concluded)*

**Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Concluded**
January 1, 2014 to December 31, 2014

| Employer | Cost Group #11 | Cost Group #11 Percentage | Cost Group #12 | Cost Group #12 Percentage | Total NPL | Total Percentage |
|---|---|---|---|---|---|---|
| Bethel Island Municipal Improvement District | $ - | 0.000% | $ - | 0.000% | $114,600 | 0.010% |
| Byron, Brentwood, Knightsen Union Cemetery District | - | 0.000% | - | 0.000% | 66,340 | 0.006% |
| Contra Costa Mosquito & Vector Control District | - | 0.000% | - | 0.000% | 5,104,681 | 0.427% |
| Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | 116,262,504 | 9.723% |
| Central Contra Costa Sanitary District | - | 0.000% | - | 0.000% | 89,535,510 | 7.488% |
| First 5-Children & Families Commission | - | 0.000% | - | 0.000% | 1,683,167 | 0.141% |
| Contra Costa County | - | 0.000% | - | 0.000% | 807,350,288 | 67.521% |
| Contra Costa County Employees' Retirement Association | - | 0.000% | - | 0.000% | 5,863,670 | 0.490% |
| East Contra Costa Fire Protection District | - | 0.000% | - | 0.000% | 24,313,820 | 2.033% |
| Contra Costa Housing Authority | - | 0.000% | - | 0.000% | 8,652,807 | 0.724% |
| In-Home Supportive Services Authority (IHSSA) | - | 0.000% | - | 0.000% | 1,040,424 | 0.087% |
| Local Agency Formation Commision (LAFCO) | - | 0.000% | - | 0.000% | 364,601 | 0.030% |
| Moraga-Orinda Fire Protection District | - | 0.000% | - | 0.000% | 28,612,847 | 2.393% |
| Rodeo Sanitary District | - | 0.000% | - | 0.000% | 182,951 | 0.015% |
| Rodeo-Hercules Fire Protection District | - | 0.000% | 13,354,320 | 100.000% | 13,499,212 | 1.129% |
| San Ramon Valley Fire Protection District | 64,508,251 | 100.000% | - | 0.000% | 69,527,014 | 5.815% |
| Superior Court of Contra Costa County | - | 0.000% | - | 0.000% | 23,526,961 | 1.968% |
| **TOTAL** | **$64,508,251** | **100.000%** | **$13,354,320** | **100.000%** | **$1,195,701,397** | **100.000%** |

Note: Results may not add due to rounding.

# Schedule of Employer Pension Amounts - GASB 68

## Schedule of Employer Pension Amounts as of December 31, 2014

| | | Deferred Outflow of Resources | | | | |
|---|---|---|---|---|---|---|
| **Employer** | **Net Pension Liability** | **Differences Between Expected and Actual Experience** | **Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments** | **Changes of Assumptions** | **Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions** | **Total Deferred Outflows of Resources** |
| Bethel Island Municipal Improvement District | $114,600 | $ - | $ - | $ - | $1,193 | $1,193 |
| Byron, Brentwood, Knightsen Union Cemetery District | 66,340 | - | - | - | 40,259 | 40,259 |
| Contra Costa Mosquito & Vector Control District | 5,104,681 | - | - | - | 27,610 | 27,610 |
| Contra Costa Fire Protection District | 116,262,504 | - | - | - | - | - |
| Central Contra Costa Sanitary District | 89,535,510 | - | - | - | 1,920,610 | 1,920,610 |
| First 5-Children & Families Commission | 1,683,167 | - | - | - | 85,435 | 85,435 |
| Contra Costa County | 807,350,288 | - | - | - | 13,652,435 | 13,652,435 |
| Contra Costa County Employees' Retirement Association | 5,863,670 | - | - | - | 2,115 | 2,115 |
| East Contra Costa Fire Protection District | 24,313,820 | - | - | - | - | - |
| Contra Costa Housing Authority | 8,652,807 | - | - | - | - | - |
| In-Home Supportive Services Authority (IHSSA) | 1,040,424 | - | - | - | - | - |
| Local Agency Formation Commision (LAFCO) | 364,601 | - | - | - | 6,543 | 6,543 |
| Moraga-Orinda Fire Protection District | 28,612,847 | - | - | - | - | - |
| Rodeo Sanitary District | 182,951 | - | - | - | 115,504 | 115,504 |
| Rodeo-Hercules Fire Protection District | 13,499,212 | - | - | - | - | - |
| San Ramon Valley Fire Protection District | 69,527,014 | - | - | - | - | - |
| Superior Court of Contra Costa County | 23,526,961 | - | - | - | 1,702,396 | 1,702,396 |
| **TOTAL** | **$1,195,701,397** | **$ -** | **$ -** | **$ -** | **$17,554,100** | **$17,554,100** |

Note: Results may not add due to rounding.

# Schedule of Employer Pension Amounts - GASB 68 *(concluded)*

**Schedule of Employer Pension Amounts as of December 31, 2014 - Concluded**

| | Deferred Inflow of Resources | | | | | Pension Expense | |
|---|---|---|---|---|---|---|---|
| Employer | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Changes of Assumptions | Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Total Deferred Inflows of Resources | Proportionate Share of Plan Pension Expense | Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions |
| Bethel Island Municipal Improvement District | $13,772 | $1,024 | $6 | $ - | $14,802 | $16,528 | $331 |
| Byron, Brentwood, Knightsen Union Cemetery District | 7,972 | 593 | 3 | - | 8,568 | 9,567 | 11,183 |
| Contra Costa Mosquito & Vector Control District | 613,443 | 45,624 | 253 | - | 659,320 | 736,219 | 7,670 |
| Contra Costa Fire Protection District | 13,971,581 | 1,039,114 | 5,753 | 8,403,812 | 23,420,260 | 16,767,876 | (2,334,392) |
| Central Contra Costa Sanitary District | 10,759,725 | 800,237 | 4,431 | - | 11,564,393 | 12,913,194 | 533,503 |
| First 5-Children & Families Commission | 202,271 | 15,044 | 83 | - | 217,398 | 242,754 | 23,732 |
| Contra Costa County | 97,021,475 | 7,215,816 | 39,954 | - | 104,277,245 | 116,439,519 | 3,792,342 |
| Contra Costa County Employees' Retirement Association | 704,653 | 52,407 | 290 | - | 757,350 | 845,684 | 587 |
| East Contra Costa Fire Protection District | 2,921,858 | 217,308 | 1,203 | 2,064,238 | 5,204,607 | 3,506,642 | (573,399) |
| Contra Costa Housing Authority | 1,039,831 | 77,336 | 428 | 26,007 | 1,143,602 | 1,247,944 | (7,224) |
| In-Home Supportive Services Authority (IHSSA) | 125,031 | 9,299 | 51 | 8,743 | 143,124 | 150,055 | (2,429) |
| Local Agency Formation Commision (LAFCO) | 43,815 | 3,259 | 18 | - | 47,092 | 52,584 | 1,817 |
| Moraga-Orinda Fire Protection District | 3,438,484 | 255,732 | 1,416 | 2,307,439 | 6,003,071 | 4,126,667 | (640,955) |
| Rodeo Sanitary District | 21,986 | 1,635 | 9 | - | 23,630 | 26,386 | 32,085 |
| Rodeo-Hercules Fire Protection District | 1,622,237 | 120,651 | 668 | 1,839,275 | 3,582,831 | 1,946,914 | (510,910) |
| San Ramon Valley Fire Protection District | 8,355,250 | 621,408 | 3,441 | 2,904,586 | 11,884,685 | 10,027,484 | (806,829) |
| Superior Court of Contra Costa County | 2,827,299 | 210,276 | 1,164 | - | 3,038,739 | 3,393,159 | 472,888 |
| **TOTAL** | **$143,690,683** | **$10,686,763** | **$59,171** | **$17,554,100** | **$171,990,717** | **$172,449,176** | **$ -** |

Note: Results may not add due to rounding.

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# III. Investment *Section*



Ray of Light – Mt. Diablo, California. *(Patrick Smith)*

# Chief Investment Officer's Report

May 12, 2015

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

**Re: Chief Investment Officer Review of 2014 Investment Results**

Members of the Board:

The Contra Costa County Employees' Retirement Association (CCCERA) experienced a solid, if somewhat turbulent, calendar year ending December 31, 2014. CCCERA investments performed well compared both against a universe of peer funds as well as against the fund's long-term objectives. The strong returns were driven by the exposure to real estate, private equity and publicly-traded equities, primarily in the U.S. Most other asset classes delivered flat to moderately positive results.

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

## Total Fund Performance

CCCERA's Total Fund returned 8.4% (gross of investment management fees) for the year ending December 31, 2014. This exceeded the long-term objective of delivering a real return of 4% annually (measured as Consumer Price Index (CPI) plus 400 basis points), which was 4.9% for 2014. Relative to the peer universe, CCCERA's 2014 performance exceeded the median public fund return of 5.8% and ranked in the 4th percentile of public funds. Over the past 10 years ending December 31, 2014, CCCERA has returned 7.6% and ranked in the 3rd percentile of public funds.

## Domestic Equity Performance

CCCERA's domestic equity program produced strong absolute returns in 2014, though it lagged the relevant benchmarks. The domestic equity program returned 11.4% in 2014, trailing the 12.6% return of the Russell 3000 Index and the 13.7% return of the S&P 500 Index. The 2014 results did, however, exceed the median domestic equity manager, ranking in the 36th percentile of the peer universe.

## International Equity Performance

CCCERA's International Equity program also had poor absolute, but strong index and peer-relative results for the calendar year 2014. CCCERA's International Equity program returned 0.3% in 2014, exceeding the MSCI ACWI ex-US Index return of -3.9% and ranking in the 17th percentile of international equity managers in 2014. The international equity program was restructured early in 2014 and the initial experience with the new roster of managers has been promising.

## Global Equity Performance

The Global Equity program returned 5.2% for the calendar year 2014, exceeding the MSCI ACWI Index return of 4.2%, and ranking in the 44th percentile of global equity portfolios.

## Domestic Fixed Income Performance

CCCERA's total domestic fixed income program returned 7.3% for the year ending December 31, 2014. This was significantly better than the 6.0% return of the Barclays Aggregate Index and ranked in the 8th percentile of fixed income managers over this period.

## High Yield Fixed Income Performance

CCCERA's high yield fixed income program returned 1.2% for the year ending December 31, 2014. This trailed the 2.5% return of the Merrill Lynch High Yield Master II Index and ranked in the 83rd percentile of high yield managers over this period.

### Global Fixed Income Performance

CCCERA's global fixed income program returned 0.4% for the year ending December 31, 2014. This return lagged the 0.6% return of the Barclays Global Aggregate Index and ranked in the 77th percentile of global fixed income managers over this period.

### Inflation Hedge Performance

The Inflation Hedge program returned -0.6% in its first full year of performance. This return significantly lagged the index of CPI + 4% which returned 4.9% but ranked 38th percentile of real asset mandates.

### Real Estate Performance

CCCERA's real estate program was an area of notable strength in 2014, with a return of 20.6%. This return was better than the 18.8% return of the CCCERA custom benchmark and ranked in the 9th percentile of real estate managers.

### Alternative Investment Performance

For the year ended December 31, 2014, CCCERA's alternative investment program had good absolute performance, but trailed the public equity markets. The alternative investment program returned 17.3%. The program's goal is to outperform the S&P 500 by 400 basis points. This benchmark returned 24.5% for 2014. Please note that several components of the alternative investment program are reported on a quarter lag basis due to financial data reporting constraints. The benchmark is also calculated on quarter lag basis.

### Opportunistic Investment Performance

The Opportunistic Investment program returned 8.7% in 2014.

### Asset Allocation

As of December 31, 2014, CCCERA's market value of assets was $7.0 billion, an increase of approximately $0.5 billion from the December 31, 2013 market value of $6.5 billion. This was primarily the result of investment returns generated in 2014.

CCCERA assets as of December 31, 2014 were above target in domestic fixed income (20.3% vs. 19.6%) and real estate (12.9% vs. 12.5%). The only asset class notably below its target was equities (45.9% vs. 46.6%). All other asset classes were quite close to their respective targets. (Assets earmarked for alternative investments are temporarily invested in U.S. equities.) Assets were rebalanced to targets early in 2015 in accordance with CCCERA's investment policy guidelines.

Sincerely,

Timothy Price

Timothy Price, CFA
Chief Investment Officer

# General Information and Proxy Summary

CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. 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 prudent to not 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, staff, custodian bank and investment managers. For the year ended December 31, 2014, the total fund gain was 8.4%, greater than the targeted return of 4.9% (CPI plus 400 basis points) and greater than the median public fund return of 5.8%.

### 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 Institutional Shareholder Services to research and vote CCCERA's U.S. proxy ballots in order to protect and enhance returns.

# Investment Results Based on Fair Value*

**Investment Results Based on Fair Value***
As of December 31, 2014

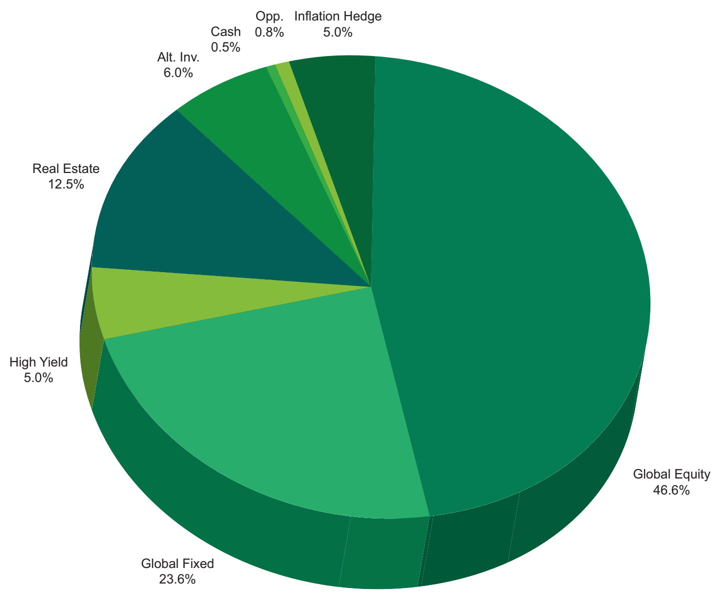
| | | | *(annualized)* | |
|---|---|---|---|---|
| | **Current Year** | **3 Year** | **5 Year** | **10 Year** |
| **Domestic Equity** | 11.4% | 21.5% | 16.4% | 8.7% |
| Benchmark: | | | | |
| Russell 3000 | 12.6% | 20.5% | 15.6% | 7.9% |
| **International Equity** | 0.3% | 11.9% | 6.1% | 5.0% |
| Benchmarks: | | | | |
| MSCI ACWI ex-US | -3.9% | 9.0% | 4.4% | 5.1% |
| MSCI EAFE Gross | -4.5% | 11.6% | 5.8% | 4.9% |
| **Global Equity** | 5.2% | 13.0% | -- | -- |
| Benchmark: | | | | |
| MSCI ACWI | 4.2% | 14.1% | 9.2% | 6.1% |
| **Domestic Fixed Income** | 7.3% | 6.0% | 7.2% | 6.1% |
| Benchmarks: | | | | |
| Barclays U.S.Universal | 5.6% | 3.2% | 4.8% | 4.9% |
| Barclays Aggregate | 6.0% | 2.7% | 4.4% | 4.7% |
| **High Yield** | 1.2% | 7.9% | 9.0% | 7.9% |
| Benchmark: | | | | |
| ML HYMaster II | 2.5% | 8.4% | 8.9% | 7.6% |
| **Global Fixed Income** | 0.4% | 1.1% | 3.5% | -- |
| Benchmark: | | | | |
| Barclays Global Aggregate | 0.6% | 0.7% | 2.6% | 3.6% |
| **Inflation Hedge**** | -0.6% | -- | -- | -- |
| Benchmark: | | | | |
| CPI + 400bps | 4.9% | 5.5% | 5.8% | 6.3% |
| **Real Estate** | 20.6% | 15.9% | 15.8% | 7.8% |
| Benchmarks: | | | | |
| Real Estate Benchmark | 18.8% | 13.1% | 14.1% | 9.3% |
| NCREIF (ODCE) Index | 12.4% | 12.4% | 13.9% | 7.1% |
| NCREIF Property Index | 11.8% | 11.1% | 12.1% | 8.4% |
| **Alternatives** | 17.3% | 14.4% | 13.2% | 14.5% |
| Benchmark: | | | | |
| S&P 500 + 4% QTR Lag | 24.5% | 27.9% | 20.3% | 12.4% |
| **Opportunistic***** | 8.7% | 13.0% | 8.9% | -- |
| **Total Fund** | **8.4%** | **13.0%** | **11.0%** | **7.6%** |
| Benchmark: | | | | |
| CPI + 400 bps | **4.9%** | **5.5%** | **5.8%** | **6.3%** |

* Using time-weighted rate of return based on the market rate of return.
** Inflation Hedge Managers hired in 2013.
***Historically, funds were reflected in aggregate.

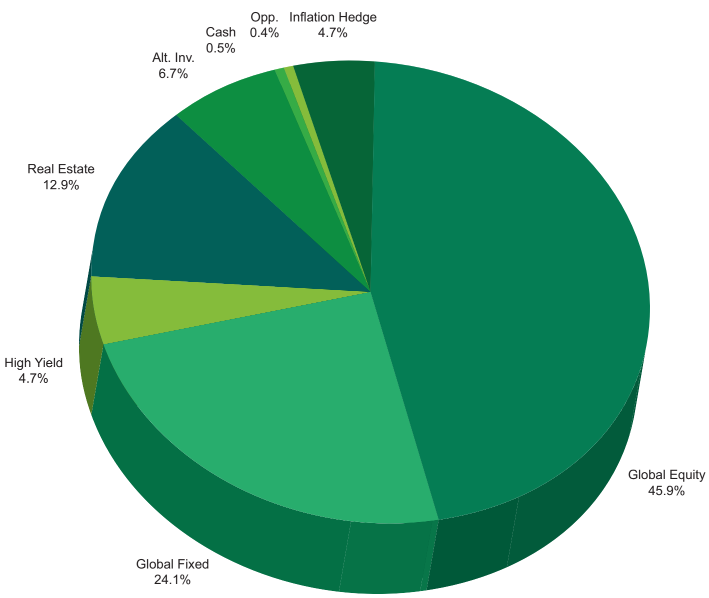
# Asset Allocation

The asset allocation is an integral part of the Investment Policy. When 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 investment managers to invest assets on CCCERA's behalf, subject to specific guidelines incorporated into each firm's contract. CCCERA's Chief Investment Officer and the outside investment consultant (Milliman) assist the Board with the design and implementation of the asset allocation as depicted in the following chart:

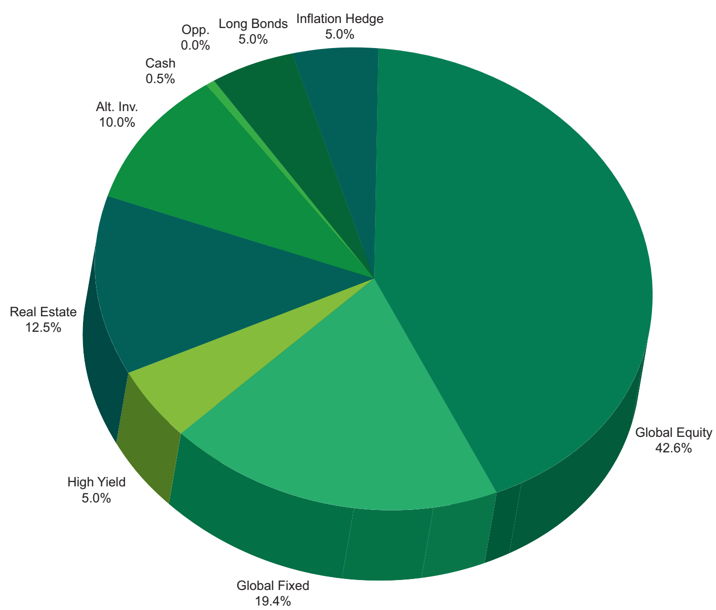
**Current Target Asset Allocation**
As of December 31, 2014




**Actual Asset Allocation**
As of December 31, 2014




**Long-Term Target Asset Allocation**
As of December 31, 2014




Note: Results may not add due to rounding.

# Schedule of Top Ten Equities and Fixed Income Securities

**Top 10 Equity Securities**
As of December 31, 2014

*(Dollars in Thousands)*

| CUSIP | Shares | Security Name | Fair Value |
|---|---|---|---|
| 594918104 | 584,832 | MICROSOFT CORP | $27,165 |
| 018490102 | 96,400 | ALLERGAN INC | 20,494 |
| 92826C839 | 76,720 | VISA INC CLASS A SHARES | 20,116 |
| 747525103 | 253,000 | QUALCOMM INC | 18,805 |
| 151020104 | 161,350 | CELGENE CORP | 18,049 |
| 828806109 | 94,200 | SIMON PROPERTY GROUP INC | 17,155 |
| 931427108 | 221,400 | WALGREENS BOOTS ALLIANCE INC | 16,871 |
| 26875P101 | 181,585 | EOG RESOURCES INC | 16,719 |
| 57636Q104 | 192,025 | MASTERCARD INC CLASS A | 16,545 |
| 278642103 | 270,575 | EBAY INC | 15,185 |
| | | **TOTAL LARGEST EQUITY HOLDINGS** | **$187,104** |

**Top 10 Fixed Income Securities**
As of December 31, 2014

*(Dollars in Thousands)*

| CUSIP | Security Name | Cost | Fair Value |
|---|---|---|---|
| 99S0KDC25 | SWU00A1E4 IRS AUD R F 3.25000 | $237,648 | $210,755 |
| 99S0K1NQ6 | BWU009E03 IRS USD R V 03MLIBOR | 71,740 | 72,900 |
| 99S0L6YI0 | SWPC06WV1 CDS USD R F 1.00000 | 68,587 | 68,579 |
| 912828F54 | US TREASURY N/B | 54,115 | 53,793 |
| 99S0JTX86 | BWU009FS1 IRS USD R V 03MLIBOR | 50,219 | 50,300 |
| 99S0K23W3 | SWU009I66 IRS AUD R F 3.75000 | 50,151 | 45,369 |
| 912828F39 | US TREASURY N/B | 37,015 | 36,814 |
| 912828D56 | US TREASURY N/B | 36,375 | 36,667 |
| 99S0JUG25 | BWU009FM4 IRS USD R V 03MLIBOR | 35,601 | 36,000 |
| 912810RH3 | US TREASURY N/B | 27,950 | 29,545 |
| | **TOTAL LARGEST FIXED HOLDINGS** | | **$640,722** |

# Schedule of Investment Management Fees

**Investment Management Fees**
For the year ended December 31, 2014

| | (Dollars in Thousands) |
|---|---|
| *Investment Activity* | |
| **Stock Managers** | |
| Domestic | $6,819 |
| International | 5,731 |
| **TOTAL STOCK MANAGERS** | **12,550** |
| **Bond Managers** | |
| Domestic | 5,510 |
| International | 543 |
| **TOTAL BOND MANAGERS** | **6,053** |
| **REAL ASSET MANAGERS** | **1,834** |
| **REAL ESTATE MANAGERS** | **10,020** |
| **ALTERNATIVE INVESTMENT MANAGERS** | **8,480** |
| **CASH & SHORT-TERM WITH COUNTY TREASURER** | **7** |
| **TOTAL FEES FROM INVESTMENT ACTIVITY** (see page 62) | **38,944** |
| *Securities Lending Activity* | |
| Management Fee | 389 |
| Borrower Rebate | (720) |
| **TOTAL FEES FROM SECURITIES LENDING ACTIVITY** | **(331)** |
| **TOTAL INVESTMENT MANAGEMENT FEES** | **$38,613** |

# Investment Summary

**Investment Summary**
For the year ended December 31, 2014

| *Type of Investment* | Fair Value (Dollars in Thousands) | Percent of Total Fair Value |
|---|---|---|
| **Short-Term** | | |
| Deposit | $4,296 | 0.06% |
| Short-Term Investments held by Fiscal Agent | 609,468 | 8.33% |
| **TOTAL SHORT-TERM INVESTMENTS** | **613,764** | **8.39%** |
| **Long-Term** | | |
| **BONDS** | | |
| U.S. Government and Agency Instruments | 1,076,814 | 14.71% |
| Domestic Corporate Bonds | 614,406 | 8.40% |
| International Bonds | 359,880 | 4.92% |
| **TOTAL BONDS** | **2,051,100** | **28.03%** |
| **STOCKS** | | |
| Domestic Stocks | 1,296,759 | 17.72% |
| Global Stocks | 847,258 | 11.57% |
| International | 706,103 | 9.65% |
| **TOTAL STOCKS** | **2,850,120** | **38.94%** |
| **REAL ASSETS** | **329,286** | **4.50%** |
| **REAL ESTATE** | **934,127** | **12.76%** |
| **ALTERNATIVE INVESTMENTS** | **540,571** | **7.38%** |
| **TOTAL LONG-TERM INVESTMENTS AT FAIR VALUE** | **6,705,204** | **91.61%** |
| **TOTAL SHORT AND LONG-TERM INVESTMENTS** | **$7,318,968** | **100.00%** |

# Investment Managers *(As of December 31, 2014)*

*Domestic Equity*

**Ceredex Value Advisors**
**Robeco Boston Partners**
**Jackson Square Partners**
**Emerald Advisors, Inc.**
**Intech**
**PIMCO**

*International Equity*

**Pyrford International**
**William Blair & Company**

*Global Equity*

**J.P. Morgan Asset Management**
**First Eagle Investment Management**
**Artisan**
**Intech**

*Fixed Income - Domestic*

**AFL-CIO Housing Investment Trust**
**Goldman Sachs**
**Torchlight**
**Lord Abbett**
**PIMCO**

*Fixed Income - High Yield*

**Allianz Global Investors**

*Fixed Income - Global*

**Lazard Asset Management**

*Real Assets*

**Aether Investment Partners**
**Commonfund**
**PIMCO**
**Wellington**

*Real Estate*

**Adelante Capital Management**
**Angelo Gordon**
**DLJ Real Estate Capital Partners LP**
**Long Wharf Real Estate Partners**
**Hearthstone Advisors**
**Invesco Real Estate**
**Oaktree**
**Siguler Guff**
**LaSalle**
**Paulson & Co.**

*Alternative Assets*

**Adams Street Partners**
**Carpenter Bancfund**
**DBL Investors**
**Energy Investors Funds Group (EIF/Liberty)**
**Nogales Investors LLC**
**Ocean Avenue Capital Partners**
**Paladin Capital Management**
**Pathway Capital Management**
**Siguler Guff**

*Opportunistic*

**Oaktree Capital**

*Cash & Short-Term*

**Contra Costa County Treasurer**
**State Street Bank**

*Securities Lending Program*

**State Street Corporation**

# IV. Actuarial *Section*



Diablo Spring Evening – Mt. Diablo, California. *(Patrick Smith)*

# Actuary Certification Letter

Segal Consulting

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T 415.263.8200 www.segalco.com

March 23, 2015

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

**Re: Contra Costa County Employees' Retirement Association
December 31, 2013 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal Consulting (Segal) prepared the December 31, 2013 annual 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 and CCCERA's funding policy that was last reviewed with the Board in 2014. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the December 31, 2013 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. 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 provided in our valuation report. We did not audit the Association's financial statements, however, the Association's auditor attested to the Association's financial statements. For actuarial valuation purposes, retirement 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 total return at market value and the expected investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish contribution rates, which, over time, will remain level as a percentage of payroll for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

Board of Retirement
March 23, 2015
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In 2008, the Board of Retirement elected to amortize the remaining balance of the Association's unfunded actuarial accrued liability as of December 31, 2007 over a declining (or closed) period with 9 years remaining as of December 31, 2013. Any change in unfunded actuarial accrued liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after December 31, 2007 is amortized over its own declining (or closed) 18-year period. Effective with the December 31, 2013 valuation, any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining (or closed) 10-year period (with the exception of a change due to retirement incentives, which is funded in full upon adoption of the incentive). The progress being made towards meeting the funding objective through December 31, 2013 is illustrated in the Schedule of Funding Progress.

Certain information found in the Notes to Basic Financial Statements and the Required Supplementary Information (RSI) included in the Financial Section was prepared by the Association based on the results of the Governmental Accounting Standards Board (GASB) Statement No. 67 actuarial valuation as of December 31, 2014 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (CAFR), Segal provided the Schedule of Changes in Net Pension Liability of Participating Employers and Schedule of Employer Contributions as shown in the RSI. A listing of the other supporting schedules prepared by the Association based on additional information provided by Segal and the results of the actuarial valuation as of December 31, 2013 for funding purposes is listed below.

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Latest Actuarial Valuation Methods and Assumptions
- Summary of Valuation Results
- Summary of Significant Results
- Schedule of Active Member Valuation Data
- Retirants and Beneficiaries Added to and Removed from Retiree Payroll
- Solvency Test
- Actuarial Analysis of Financial Experience
- Summary of Statistical Data
- Schedule of Benefits Expenses by Type
- Schedule of Retired Members by Type of Benefit
- Schedule of Average Benefit Payment Amounts
- Participating Employers and Active Members

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The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the December 31, 2012 Experience Study (for both the economic and non-economic assumptions) or in conjunction with the December 31, 2013 actuarial valuation. It is our opinion that the assumptions used in the December 31, 2013 valuation produce results, which, in aggregate, reflect the future experience of the retirement plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years and the next experience analysis is due to be performed as of December 31, 2015.

In the December 31, 2013 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities (funded percentage) increased from 70.6% to 76.4% while the funded percentage on a market value of assets basis increased from 72.9% to 83.5%. The aggregate employer contribution rate has decreased from 49.82% of payroll to 43.58% of payroll, while the aggregate employee contribution rate has decreased from 12.20% of payroll to 11.91% of payroll.

Under the asset smoothing method, the total unrecognized investment gains are $536 million as of December 31, 2013. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. The deferred gains of $536 million represent about 8% of the market value of assets as of December 31, 2013. Unless offset by future investment losses or other unfavorable experience, the recognition of the $536 million market gains is expected to have an impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 76.4% to 83.3%.

- If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer rate would decrease from 43.6% to about 37.7% of payroll.

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 contained herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

John Monroe, ASA, MAAA, EA
Vice President and Actuary

AW/hy

# Schedule of Funding Progress

Funded Ratio is a measurement of the funded status of the plan. The Funded Ratio is calculated by dividing the Valuation Assets by the Actuarial Accrued Liability. In the table below, CCCERA's Fund Ratio indicates assets are approximately 24% less than liabilities. The increase in the funded ratio in 2013 is mostly due to the market appreciation of investments and contributions by the employer and employee.

**Schedule of Funding Progress**
For Years 2004 through 2013

*(Dollars in Thousands)*

| Actuarial Valuation Date | Actuarial Value of Assets* (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c) |
|---|---|---|---|---|---|---|
| 12/31/2004 | $3,673,858 | $4,481,243 | $807,385 | 82.0% | $619,132 | 130.4% |
| 12/31/2005 | 4,062,057 | 4,792,428 | 730,371 | 84.8% | 627,546 | 116.4% |
| 12/31/2006 | 4,460,871 | 5,293,977 | 833,106 | 84.3% | 653,953 | 127.4% |
| 12/31/2007 | 5,016,137 | 5,581,048 | 564,911 | 89.9% | 671,618 | 84.1% |
| 12/31/2008 | 5,282,505 | 5,972,471 | 689,966 | 88.5% | 704,948 | 97.9% |
| 12/31/2009 | 5,290,114 | 6,314,787 | 1,024,673 | 83.8% | 694,444 | 147.6% |
| 12/31/2010 | 5,341,822 | 6,654,037 | 1,312,215 | 80.3% | 687,443 | 190.9% |
| 12/31/2011 | 5,426,719 | 6,915,312 | 1,488,593 | 78.5% | 666,394 | 223.4% |
| 12/31/2012 | 5,482,257 | 7,761,316 | 2,279,059 | 70.6% | 652,312 | 349.4% |
| 12/31/2013 | $5,907,416 | $7,731,097 | $1,823,681 | 76.4% | $679,429 | 268.4% |

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

# Latest Actuarial Valuation Methods and Assumptions

The Entry Age Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of CCCERA and of CCCERA itself in areas that affect the projected benefit flow and anticipated investment earnings.

The actuarial assumptions used to determine the liabilities for the December 31, 2013 valuation are based on the results of the actuarial experience study for the period January 1, 2010, through December 31, 2012. The study was prepared using updated economic and demographic assumptions, and mortality rates adopted by the Board in February 2013. The experience study was adopted by the Board in May 2013. An actuarial valuation is performed annually.

The actuarial assumptions and methods listed below were recommended by the plan's independent actuary, Segal Consulting, and were approved by the Board.

| Actuarial Assumptions and Cost Method | |
|---|---|
| **Valuation Date** | December 31, 2013 |
| **Actuarial Cost Method** | Entry Age |
| **Amortization Method** | Level Percent of payroll for total unfunded liability (4.00% payroll growth assumed) |
| **Remaining Amortization Period** | Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive. |
| **Asset Valuation Method** | 5 year Smoothed Market, excluding non-valuation reserves and designations. 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 value of the non-valuation reserves and designations. |
| **Actuarial Assumptions:** | |
| Investment Rate of Return | 7.25%, net of investments and administrative expenses |
| Inflation Rate | 3.25% |
| Real Across-the-Board Salary Increases | 0.75% |
| Projected Salary Increases - General | 4.75% to 13.50%* |
| Projected Salary Increases - Safety | 4.75% to 14.00%* |
| Cost-of-Living Adjustments | 3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tiers 4 and 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI). |

*Includes inflation at 3.25% plus "across the board" salary increases of 0.75%, plus merit and promotional increases.

| Actuarial Assumptions and Methods<br>Data from December 31, 2013 valuation | |
|---|---|
| **Healthy** | |
| General Members | RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year. |
| Safety Members | RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years. |
| **Disabled** | |
| General Members | RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward six years for males and seven years for females. |
| Safety Members | RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward three years. |
| **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. |
| **Employee Contribution Rate** | |
| General Members | RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year, weighted 30% male and weighted 70% female. |
| Safety Members | RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years, weighted 85% male and weighted 15% female. |
| **Pre-Retirement Mortality** | Based upon the Experience Analysis as of 12/31/12. |
| **Withdrawal Rates** | Based upon the Experience Analysis as of 12/31/12. |
| **Disability Rates** | Based upon the Experience Analysis as of 12/31/12. |
| **Service Retirement Rates** | Based upon the Experience Analysis as of 12/31/12. |
| **Salary Scales** | Total increases of 5.70% per year reflecting approximately 3.25% for inflation, 0.75% for additional real "across-the-board" salary increases and approximately 1.70% for merit and longevity. |
| **Marriage Assumption At Retirement** | |
| Male members | 75% |
| Female members | 50% |
| **Value of Assets for Contribution Rate Purposes** | Actuarial Value as described in Actuarial Valuation Methods Section of Valuation Report |

## Retirement Rates (%)

| | General | | | | Safety | | | |
|---|---|---|---|---|---|---|---|---|
| **Age** | **Tier 1 (Enhanced)** | **Tier 3 (Enhanced)** | **Tier 1 (Non-Enhanced)** | **Tiers 4 and 5 (PEPRA)** | **Tier A (Enhanced)** | **Tier C (Enhanced)** | **Tier A (Non-Enhanced)** | **Tiers D and E (PEPRA)** |
| 45 | -- | -- | -- | -- | 2.00 | 1.00 | 0.00 | 0.00 |
| 50 | 5.00 | 4.00 | 3.00 | 0.00 | 25.00 | 15.00 | 5.00 | 5.00 |
| 55 | 20.00 | 10.00 | 10.00 | 5.00 | 30.00 | 20.00 | 6.00 | 6.00 |
| 60 | 30.00 | 15.00 | 25.00 | 10.00 | 40.00 | 35.00 | 20.00 | 20.00 |
| 65 | 40.00 | 40.00 | 40.00 | 27.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 70 | 100.00 | 40.00 | 100.00 | 50.00 | -- | -- | -- | -- |
| 75 | 100.00 | 100.00 | 100.00 | 100.00 | -- | -- | -- | -- |

## Termination Rates (%) Before Retirement

Mortality

| | General | | Safety | |
|---|---|---|---|---|
| **Age** | **Male** | **Female** | **Male** | **Female** |
| 25 | 0.03 | 0.01 | 0.02 | 0.01 |
| 30 | 0.04 | 0.02 | 0.03 | 0.02 |
| 35 | 0.06 | 0.03 | 0.05 | 0.03 |
| 40 | 0.08 | 0.04 | 0.08 | 0.04 |
| 45 | 0.10 | 0.07 | 0.09 | 0.06 |
| 50 | 0.12 | 0.09 | 0.11 | 0.08 |
| 55 | 0.17 | 0.18 | 0.16 | 0.15 |
| 60 | 0.37 | 0.38 | 0.33 | 0.34 |
| 65 | 0.74 | 0.74 | 0.66 | 0.66 |

All pre-retirement deaths are assumed to be non-service connected.

**Termination Rates (%) Before Retirement**
Disability

| Age | General Tier 1* | General Tier 2 and 3** | Safety*** |
|---|---|---|---|
| 20 | 0.01 | 0.01 | 0.02 |
| 25 | 0.02 | 0.02 | 0.22 |
| 30 | 0.04 | 0.03 | 0.42 |
| 35 | 0.08 | 0.05 | 0.56 |
| 40 | 0.16 | 0.08 | 0.66 |
| 45 | 0.32 | 0.13 | 0.94 |
| 50 | 0.52 | 0.17 | 2.54 |
| 55 | 0.66 | 0.21 | 4.10 |
| 60 | 0.70 | 0.27 | 4.80 |
| 65 | 0.70 | 0.36 | 5.00 |
| 70 | 0.70 | 0.44 | 5.00 |

* 70% of General Tier 1 disabilities are assumed to be duty disabilities. The other 30% are assumed to be ordinary disabilities.
** 35% of General Tier 3 disabilities are assumed to be duty disabilities. The other 65% are assumed to be ordinary disabilities.
***100% of Safety disabilities are assumed to be duty disabilities.

**Termination Rates (%) Before Retirement**
Withdrawal*

| Years of Service | General | Safety |
|---|---|---|
| Less than 1 | 13.50 | 11.50 |
| 1 | 9.00 | 6.50 |
| 2 | 9.00 | 5.00 |
| 3 | 6.00 | 4.00 |
| 4 | 4.50 | 3.50 |
| 5 | 4.00 | 3.00 |
| 6 | 3.75 | 2.75 |
| 7 | 3.50 | 2.50 |
| 8 | 3.25 | 2.25 |
| 9 | 3.00 | 2.00 |
| 10 | 2.75 | 1.90 |
| 11 | 2.50 | 1.80 |
| 12 | 2.40 | 1.70 |
| 13 | 2.30 | 1.60 |
| 14 | 2.20 | 1.50 |
| 15 | 2.10 | 1.40 |
| 16 | 2.00 | 1.30 |
| 17 | 2.00 | 1.20 |
| 18 | 2.00 | 1.10 |
| 19 | 2.00 | 1.00 |
| 20 or more | 2.00 | 1.00 |

* The member is assumed to receive the greater of the member's contribution balance or a deferred retirement benefit. No withdrawal is assumed after a member is first assumed to retire.

# Summary of December 31, 2013 and 2012 Valuation Results

**Summary of December 31, 2013 & 2012 Valuation Results**

| | December 31, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| ***Average Employer Contribution Rates*:*** | **Total Rate** | **Estimated Annual Amount** | **Total Rate** | **Estimated Annual Amount** |
| **General** | | | | |
| Cost Group #1 - County and Small Districts (Tiers 1 and 4) | 35.48% | $8,400,094 | 41.59% | $10,611,239 |
| Cost Group #2 - County and Small Districts (Tiers 3 and 5) | 32.28% | 154,922,757 | 37.08% | 168,815,252 |
| Cost Group #3 - Central Contra Costa Sanitary District | 60.51% | 16,446,846 | 73.93% | 17,620,915 |
| Cost Group #4 - Contra Costa Housing Authority | 43.65% | 2,196,992 | 47.04% | 2,377,319 |
| Cost Group #5 - Contra Costa County Fire Protection District | 35.04% | 1,283,642 | 42.81% | 1,522,178 |
| Cost Group #6 - Small Districts (Non-Enhanced Tiers 1 and 4) | 29.13% | 230,791 | 32.16% | 240,133 |
| **Safety** | | | | |
| Cost Group #7 - County (Tiers A and D) | 80.27% | 53,484,103 | 89.83% | 59,805,301 |
| Cost Group #8 - Contra Costa and East County Fire Protection Districts | 82.98% | 26,034,468 | 89.79% | 29,274,716 |
| Cost Group #9 - County (Tiers C and E) | 74.50% | 11,435,422 | 81.53% | 11,166,934 |
| Cost Group #10 - Moraga-Orinda Fire Protection District | 70.45% | 5,293,654 | 80.03% | 5,669,942 |
| Cost Group #11 - San Ramon Valley Fire Protection District | 88.33% | 14,581,928 | 95.39% | 15,961,561 |
| Cost Group #12 - Rodeo-Hercules Fire Protection District | 110.23% | 1,784,422 | 110.02% | 1,865,548 |
| **ALL EMPLOYERS COMBINED** | **43.58%** | **$296,095,119** | **49.82%** | **$324,931,038** |
| ***Average Member Contribution Rates*:*** | | | | |
| **General** | | | | |
| Cost Group #1 - County and Small Districts (Tiers 1 and 4) | 10.58% | $2,504,556 | 10.90% | $2,781,559 |
| Cost Group #2 - County and Small Districts (Tiers 3 and 5) | 10.60% | 50,889,675 | 10.81% | 49,226,376 |
| Cost Group #3 - Central Contra Costa Sanitary District | 11.10% | 3,016,823 | 11.26% | 2,684,595 |
| Cost Group #4 - Contra Costa Housing Authority | 11.17% | 562,261 | 11.59% | 585,541 |
| Cost Group #5 - Contra Costa County Fire Protection District | 11.05% | 404,760 | 11.14% | 396,160 |
| Cost Group #6 - Small Districts (Non-Enhanced Tiers 1 and 4) | 12.41% | 98,322 | 12.86% | 96,073 |
| **Safety** | | | | |
| Cost Group #7 - County (Tiers A and D) | 17.41% | 11,600,517 | 17.80% | 11,851,328 |
| Cost Group #8 - Contra Costa and East County Fire Protection Districts | 17.18% | 5,390,352 | 17.43% | 5,681,658 |
| Cost Group #9 - County (Tiers C and E) | 13.66% | 2,096,818 | 14.06% | 1,926,255 |
| Cost Group #10 - Moraga-Orinda Fire Protection District | 17.01% | 1,278,057 | 17.31% | 1,226,374 |
| Cost Group #11 - San Ramon Valley Fire Protection District | 16.88% | 2,786,567 | 17.20% | 2,878,150 |
| Cost Group #12 - Rodeo-Hercules Fire Protection District | 15.90% | 257,382 | 16.36% | 277,408 |
| **ALL CATEGORIES COMBINED** | **11.91%** | **$80,886,090** | **12.20%** | **$79,611,477** |
| ***Key Actuarial Assumptions*** | | | | |
| Annual Interest Rate: | 7.25% | | 7.25% | |
| Annual Inflation Rate: | 3.25% | | 3.25% | |
| Across-the-Board Salary Increase | 0.75% | | 0.75% | |
| Average Annual Salary Increase | 5.70% | | 5.40% | |

*Based on projected payroll as of each valuation date shown. These rates do not include any employer subvention of member contributions or any member subvention of employer contributions. The rates shown are averages based on all members regardless of their membership date.

# Summary of Significant Results

## Summary of Significant Results

| *Association Membership* | December 31, 2013 | December 31, 2012 | Increase/ (Decrease) |
|---|---|---|---|
| **Active Members:** | | | |
| 1. Number of Members | 9,124 | 8,640 | 5.6% |
| 2. Average Age | 45.8 | 45.9 | N/A |
| 3. Average Service | 10.1 | 10.2 | N/A |
| 4. Projected Total Payroll (Compensation) | $679,428,911 | $652,312,178 | 4.2% |
| 5. Average Projected Monthly Payroll | $6,206 | $6,292 | (1.4%) |
| **Retired Members and Beneficiaries:** | | | |
| 1. Number of Members: | | | |
| Service Retirement | 6,438 | 6,375 | 1.0% |
| Disability Retirement | 927 | 923 | 0.4% |
| Beneficiaries | 1,260 | 1,219 | 3.4% |
| 2. Average Age | 69.3 | 69.0 | N/A |
| 3. Actual Retired Payroll | $369,809,403 | $347,569,044 | 6.4% |
| 4. Average Monthly Benefit | $3,579 | $3,518 | 1.7% |
| **Vested Terminated Members:** | | | |
| 1. Number of Terminated Vested Members* | 2,345 | 2,288 | 2.5% |
| 2. Average Age | 47.0 | 46.8 | N/A |
| **Summary of Financial Data:** | | | |
| Market Value of Assets (MVA) | $6,458,317,596 | $5,654,581,124 | 14.2% |
| Return on MVA | 15.50% | 13.31% | |
| Actuarial Value of Assets (AVA) | $5,922,449,192 | $5,497,193,662 | 7.7% |
| Return on AVA | 9.01% | 2.25% | |
| Valuation Value of Assets (VVA) | $5,907,416,432 | $5,482,257,062 | 7.8% |
| Return on VVA | 9.02% | 2.24% | |
| **Funded Status:** | | | |
| Actuarial Accrued Liability (AAL) | $7,731,097,407 | $7,761,315,535 | (0.4%) |
| Unfunded Actuarial Accrued Liability (UAAL) on VVA basis | $1,823,680,975 | $2,279,058,473 | (20.0%) |
| **Funded Ratio** | | | |
| GASB Statement No. 25 | 76.4% | 70.6% | |

*Includes 933 terminated members with less than five years of service as of December 31, 2013 and 888 as of December 31, 2012.

# Schedule of Active Member Valuation Data

## Schedule of Active Member Valuation Data

| Valuation Date | Plan Type | Number | Projected Payroll | Average Annual Salary | % Increase/ (Decrease) in Average Salary |
|---|---|---|---|---|---|
| **12/31/2004** | General | 7,675 | $472,100,272 | $61,511 | 3.48% |
| | Safety | 1,683 | 147,031,946 | 87,363 | 7.55% |
| | **Total** | **9,358** | **619,132,218** | **66,161** | **4.44%** |
| **12/31/2005** | General | 7,594 | 480,015,003 | 63,210 | 2.76% |
| | Safety | 1,611 | 147,531,405 | 91,578 | 4.82% |
| | **Total** | **9,205** | **627,546,408** | **68,175** | **3.04%** |
| **12/31/2006** | General | 7,602 | 505,165,640 | 66,452 | 5.13% |
| | Safety | 1,608 | 148,787,523 | 92,530 | 1.04% |
| | **Total** | **9,210** | **653,953,163** | **71,005** | **4.15%** |
| **12/31/2007** | General | 7,806 | 518,874,107 | 66,471 | 0.03% |
| | Safety | 1,615 | 152,743,825 | 94,578 | 2.21% |
| | **Total** | **9,421** | **671,617,932** | **71,289** | **0.40%** |
| **12/31/2008** | General | 7,781 | 544,409,663 | 69,967 | 5.26% |
| | Safety | 1,604 | 160,538,005 | 100,086 | 5.82% |
| | **Total** | **9,385** | **704,947,668** | **75,114** | **5.37%** |
| **12/31/2009** | General | 7,406 | 536,090,505 | 72,386 | 3.46% |
| | Safety | 1,532 | 158,353,494 | 103,364 | 3.28% |
| | **Total** | **8,938** | **694,443,999** | **77,696** | **3.44%** |
| **12/31/2010** | General | 7,325 | 533,351,975 | 72,813 | 0.59% |
| | Safety | 1,486 | 154,091,231 | 103,695 | 0.32% |
| | **Total** | **8,811** | **687,443,206** | **78,021** | **0.42%** |
| **12/31/2011** | General | 7,183 | 518,213,291 | 72,144 | (0.92%) |
| | Safety | 1,446 | 148,180,855 | 102,476 | (1.18%) |
| | **Total** | **8,629** | **666,394,146** | **77,227** | **(1.02%)** |
| **12/31/2012** | General | 7,244 | 513,920,662 | 70,944 | (1.66%) |
| | Safety | 1,396 | 138,391,516 | 99,134 | (3.26%) |
| | **Total** | **8,640** | **652,312,178** | **75,499** | **(2.24%)** |
| **12/31/2013** | General | 7,682 | 540,431,355 | 70,350 | (0.84%) |
| | Safety | 1,442 | 138,997,556 | 96,392 | (2.77%) |
| | **Total** | **9,124** | **$679,428,911** | **$74,466** | **(1.37%)** |

# Solvency Test

**Solvency Test**
*(Dollars in Thousands)*

| | *Aggregate Accrued Liabilities (AAL) For* | | | | *Portion of Accrued Liabilities Covered by Reported Assets* | | |
|---|---|---|---|---|---|---|---|
| **Valuation Data** | **1 Active Member Contributions*** | **2 Retirants and Beneficiaries** | **3 Active Members Employer Portion** | **Reported Assets** | **1** | **2** | **3** |
| 12/31/2004 | $351,578 | $2,212,082 | $1,947,583 | $3,673,858 | 100% | 100% | 59% |
| 12/31/2005 | 354,585 | 2,468,601 | 1,969,242 | 4,062,057 | 100% | 100% | 63% |
| 12/31/2006 | 399,864 | 2,820,634 | 2,073,479 | 4,460,871 | 100% | 100% | 60% |
| 12/31/2007 | 446,284 | 3,070,770 | 2,063,994 | 5,016,137 | 100% | 100% | 73% |
| 12/31/2008 | 554,267 | 3,239,593 | 2,178,611 | 5,282,505 | 100% | 100% | 68% |
| 12/31/2009 | 598,973 | 3,523,414 | 2,192,400 | 5,290,114 | 100% | 100% | 53% |
| 12/31/2010 | 645,975 | 3,811,751 | 2,196,311 | 5,341,822 | 100% | 100% | 40% |
| 12/31/2011 | 637,614 | 4,268,202 | 2,009,496 | 5,426,719 | 100% | 100% | 26% |
| 12/31/2012 | 653,236 | 4,990,760 | 2,117,320 | 5,482,257 | 100% | 97% | 0% |
| 12/31/2013 | $844,668 | $5,086,529 | $1,799,900 | $5,907,416 | 100% | 100% | 0% |

*Beginning 12/31/2013, Active Member Contributions are set equal to the reserve account maintained for member contributions.

# Retirants and Beneficiaries Added To and Removed From Retiree Payroll

**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 | % Increase in Annual Allowance |
|---|---|---|---|---|---|---|---|---|---|---|
| 2004 | 5,936 | 316 | $18,212,193 | (134) | $(3,156,000) | 6,118 | $178,979,297 | 9.18% | $29,255 | 5.94% |
| 2005 | 6,118 | 494 | 22,298,799 | (175) | (5,171,802) | 6,437 | 196,106,294 | 9.57% | 30,465 | 4.14% |
| 2006 | 6,437 | 357 | 23,469,814 | (148) | (3,518,632) | 6,646 | 216,057,476 | 10.17% | 32,509 | 6.71% |
| 2007 | 6,646 | 492 | 24,184,795 | (227) | (4,586,247) | 6,911 | 235,656,024 | 9.07% | 34,099 | 4.89% |
| 2008 | 6,911 | 317 | 20,853,808 | (216) | (6,065,270) | 7,012 | 250,444,562 | 6.28% | 35,717 | 4.74% |
| 2009 | 7,012 | 505 | 22,693,682 | (225) | (6,271,784) | 7,292 | 266,866,460 | 6.56% | 36,597 | 2.47% |
| 2010 | 7,292 | 486 | 27,459,315 | (219) | (5,356,600) | 7,559 | 288,969,175 | 8.28% | 38,228 | 4.46% |
| 2011 | 7,559 | 758 | 37,949,896 | (232) | (6,621,254) | 8,085 | 320,297,817 | 10.84% | 39,616 | 3.63% |
| 2012 | 8,085 | 657 | 34,622,498 | (225) | (7,351,271) | 8,517 | 347,569,044 | 8.51% | 40,809 | 3.01% |
| 2013 | 8,517 | 379 | $30,637,741 | (271) | $(8,397,382) | 8,625 | $369,809,403 | 6.40% | $42,876 | 5.07% |

# Actuarial Analysis of Financial Experience

**Actuarial Analysis of Financial Experience**
Changes in the Unfunded Actuarial Accrued Liability (UAAL) for Years Ended December 31, 2004 through 2013
*(Dollars in Thousands)*

| | | | | (Gain) or Loss | | | |
|---|---|---|---|---|---|---|---|
| December 31 | Expected UAAL | Change in Plan Provisions | Change in Assumptions/ Methods | Investment Return | Active Salary Increases | Other* | UAAL |
| 2004 | $644,871 | $4,069 | $22,552 | $143,794 | $(21,932) | $14,031 | $807,385 |
| 2005 | 681,825 | 2,552 | - | 81,310 | (12,310) | (23,006) | 730,371 |
| 2006 | 715,423 | - | 210,158 | (30,120) | (46,757) | (15,598) | 833,106 |
| 2007 | 809,840 | - | - | (171,935) | (47,443) | (25,550) | 564,912 |
| 2008 | 515,421 | 1,101 | - | 154,986 | 5,838 | 12,620 | 689,966 |
| 2009 | 674,485 | - | 63,871 | 394,647 | (47,181) | (61,149) | 1,024,673 |
| 2010 | 1,050,996 | - | 15,521 | 313,478 | (83,073) | 15,293 | 1,312,215 |
| 2011 | 1,293,836 | - | - | 264,597 | (77,127) | 7,287 | 1,488,593 |
| 2012 | 1,463,568 | - | 570,154 | 297,215 | (102,697) | 50,818 | 2,279,058 |
| 2013 | $2,238,120 | $ - | $(205,332) | $(96,259) | $(114,771) | $1,923 | $1,823,681 |

*Other experience includes employer and employee contributions, mortality, disability, withdrawal and retirement other than expected.

# Summary of Major Pension Plan Provisions

***Major Provisions of the Present System***

Briefly summarized below are the major provisions of CERL and PEPRA, as amended through December 31, 2013, and as adopted by Contra Costa County and special district employers.

## A. GENERAL MEMBERS —

- Tier 1 Non-Enhanced (Government Code (GC) 31676.11)
- Tier 1 and Tier 3 Plans Enhanced (GC 31676.16)
- Tier 2 Plan (GC 31752)
- PEPRA Tier 4 and Tier 5 Plan (GC 7522.20 (a))

### 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.

d. Certain General Members with membership dates before January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 1.

*Tier 2:*

a. All General Members hired before July 1, 1980, and most General Members hired on or after 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.

*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. General Members with membership dates before January 1, 2013 who are not placed in Tier 1 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.

*PEPRA Tier 4:*

All General Members hired on or after January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 4.

*PEPRA Tier 5:*

All General Members hired on or after January 1, 2013 who are not placed in Tier 4 are placed in Tier 5.

### Final Compensation (FC)

*Tier 1 and Tier 3 Plans (GC 31462.1, 31462):*

a. Highest consecutive twelve months of compensation earnable.

*Tier 2 Plan (GC 31462):*

a. Highest consecutive thirty-six months of compensation earnable.

*PEPRA Tier 4 and Tier 5 Plans (GC 7522.32, 7522.34):*

a. Highest consecutive thirty-six months of pensionable compensation. Compensation subject to annual limit.

## Service Retirement

*Tier 1 and Tier 3 Plans:*

a. Requirement (GC 31672): Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age.

b. Non-Enhanced Benefit (GC 31676.11)

| Retirement Age | Benefit Formula |
|---|---|
| 50: | (1.24%xFC-1/3x1.24%x$350x12)x Yrs |
| 55: | (1.67%xFC-1/3x1.67%x$350x12)x Yrs |
| 60: | (2.18%xFC-1/3x2.18%x$350x12)x Yrs |
| 62: | (2.35%xFC-1/3x2.35%x$350x12)x Yrs |
| 65 or later: | (2.61%xFC-1/3x2.61%x$350x12)x Yrs |

*Maximum Benefit: 100% of Final Compensation.*

*Tier 2 Plan:*

a. Requirement: Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age.

b. Benefit (GC 31752)

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

*Maximum Benefit: None.*

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

c. Tier 1 and 3 Plan Enhanced Benefit (GC 31676.16)

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

*Maximum Benefit:100% of Final Compensation*

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

The offsets shown in all of the above formulas only apply to members integrated with Social Security.

*PEPRA Tier 4 and Tier 5 Plans*

a. Requirement (GC 7522.20 (a), 31672.3): Age 52 with 5 years of service, or age 70 regardless of service.

b. Benefit (GC 7522.20 (a))

| Retirement Age | Benefit Formula |
|---|---|
| 52: | 1.00%xFC3x Yrs |
| 55: | 1.30%xFC3x Yrs |
| 60: | 1.80%xFC3x Yrs |
| 62: | 2.00%xFC3x Yrs |
| 65: | 2.30%xFC3x Yrs |
| 67 or later: | 2.50%xFC3xYrs |

*Maximum Benefit: None.*

## Disability Retirement

*Tier 1 and Tier 4:*

a. Requirements (GC 31720)
   (1) Service-connected: None
   (2) Nonservice-connected: five years of service

b. Benefit
   (1) Service-connected: 50% Final Compensation or Service retirement benefit, if greater. (GC 31727.4)
   (2) Nonservice-connected: 1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation. (GC 31727)

*Tier 2, Tier 3, and Tier 5:*

a. Requirements (GC 31720.1)
   (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 (GC 31727.01)
(1) Service-connected or nonservice-connected is 40% Final Compensation plus 10% Final Compensation 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

*All tiers other than General Tier 2:*
a. No eligibility requirement: Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of 6 months compensation (GC 31781); 50% of Final Compensation payable to spouse if Line of Duty Death (GC 31787);

*- OR -*

b. 5 years of service (10 years for Tiers 3 and 5): Option 2 (100%) continuance of Service Retirement or Ordinary Disability benefit payable to designated beneficiary.

*General Tier 2:*
a. Prior to eligibility to retire (less than ten years):
(1) $2,000 lump sum benefit offset by any Social Security payment 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 Final Compensation) plus, for each minor child, 10% 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

*All tiers other than General Tier 2 (GC 31760.1, 31760.2)*
a. After Service Retirement or Nonservice-Connected Disability - 60% of unmodified allowance continued to eligible spouse.

*- OR -*

b. After Service-Connected Disability - 100% of the allowance continued to eligible spouse. (GC 31786, 31786.1)

*- AND -*

c. Lump sum payment of $5,000. (GC 31789.5)

*General Tier 2 (GC 31760.11)*
a. After Service or Disability Retirement 60% of unmodified allowance continued to eligible 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. (GC 31789.01, 31789.5)

### Withdrawal Benefits

May elect a refund of accumulated contributions or defer retirement until eligible.

Less than five years of service: Age 70

At least five years of service:

*Tier 1, Tier 2 and Tier 3*
The later of age 50 and when the member would have reached 10 years of service had the member remained a full-time employee.

*Tier 4 and Tier 5*
Age 52

### Cost-of-Living (COL) Benefits

*Tier 1, Tier 3, Tier 4 and Tier 5*

Based on changes in CPI.

3% maximum change per year except for Tier 3 and PEPRA Tier 5 disability benefits which can increase 4% per year. Benefits for PEPRA Tier 4 and Tier 5 members covered under certain Memoranda of Understanding have a maximum of 2% per year.

*Tier 2*
Based on changes in CPI.

4% maximum change per year.

### Employee's Contribution Rates

*Tier 1 Non-Enhanced (GC 31621.1)*
a. Basic: to provide for an average annuity at age 55 equal to 1/120 of FC1.

b. COL: to provide for one-half of future COL costs.

*Tier 1 and Tier 3 Enhanced (GC 31621)*
a. Basic: to provide for an average annuity at age 60 equal to 1/120 of FC1.

b. COL: to provide for one-half of future COL costs.

*PEPRA General Tiers 4 and 5 (GC 7522.30)*
a. 50% of the total Normal Cost rate.

### Employer Contribution Rates

*Tier 1, Tier 3, Tier 4 and Tier 5*
Enough to make up for the balance of the basic and COL contributions needed plus the amount required to amortize the Unfunded Actuarial Accrued Liability.

### Other Information

Transfers from the Tier 1 Plan to the Tier 2 Plan were made on an individual voluntary irrevocable basis. Credit is 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 on or before March 7, 1973 will be exempt from paying member contributions after 30 years of service.

## B. SAFETY MEMBERS —

- Tiers A and C (GC 31664 and 31664.1)
- PEPRA SAFETY MEMBERS Tiers D and E (GC 7522.25(d))

### Coverage

*Tiers A and C*
a. Safety members with membership dates before January 1, 2013.

b. County Sheriff's Department Safety members hired on or after January 1, 2007, but before January 1, 2013 are placed in Safety Tier C Enhanced.

*Tiers D and E*
a. Safety members with membership dates on or after January 1, 2013. Safety members from certain bargaining units are placed in Safety Tier E.

### Final Compensation (FC)

*Tiers A and C (GC 31462.1, 31462)*
a. Highest consecutive twelve months of compensation earnable.

b. Highest consecutive thirty-six months of compensation earnable for Safety Tier C.

*Tiers D and E* (GC 7522.32, 7522.34)
a. Highest consecutive thirty-six months of pensionable compensation. Compensation will be subject to annual limit.

### Service Retirement

*Tiers A and C*
a. Requirement (GC 31663.25): Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years of service, regardless of age.

b. Non-Enhanced Benefit at Retirement (GC 31664) (Rodeo-Hercules Fire Protection District)

| Age | Benefit Formula |
|---|---|
| 50 | 2.00% x FC1 x Yrs |
| 55 or later | 2.62% x FC1 x Yrs |

*Maximum Benefit: 100% of Final Compensation*

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

| Age | Benefit Formula |
|---|---|
| 50 or later | 3.00% x FC1 x Yrs (Tier A); 3.00% x FC3 x Yrs (Tier C) |

*Maximum Benefit: 100% of Final Compensation*

*PEPRA Tiers D and E*

a. Requirement (GC 7522.25(a) and 31672.3): Age 50 with 5 years of service, or age 70 regardless of service.

b. Benefit at Retirement (GC 7522.25 (d))

| Age | Benefit Formula |
|---|---|
| 50 | 2.00% x FC3 x Yrs |
| 55 | 2.50% x FC3x Yrs |
| 57 or later | 2.70% x FC3 x Yrs |

*Maximum Benefit: None*

### Disability Retirement

a. Requirements (GC 31720)
   (1) Service-connected: None
   (2) Nonservice-Connected: five years of service

b. Benefit
   (1) Service-connected: 50% Final Compensation or Service Retirement benefit if greater. (GC 31727.4)
   (2) Nonservice-Connected: 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service projected to 55, but total benefit cannot be more than one-third of Final Compensation. (GC 31727.2)

### Death Before Retirement

*Non-service Connected*

a. Prior to retirement eligibility (less than 5 years)
   (1) One month's salary for each year of service to a maximum of six month's compensation.
   (2) Return of contributions.

b. While eligible to retire (after five years) 60% of Service or Disability Retirement Benefit.

*Service connected*

a. 50% of Final Compensation

### Death After Retirement

a. After Service Retirement or Nonservice-Connected Disability - 60% of unmodified allowance continued to eligible spouse. (GC 31785, 31785.1)

*- OR -*

b. After Service-Connected Disability - 100% of the allowance continued to eligible spouse. (GC 31786, 31786.1)

*- AND -*

c. Lump sum payment of $5,000. (GC 31789.5)

### Withdrawal Benefits

May elect a refund of accumulated contributions or defer retirement until eligible.

Less than five years of service: Age 70

At least five years of service:

*Tier A and Tier C*

The later of age 50 and when the member would have reached 10 years of service had the member remained a full-time employee.

*Tier D and Tier E*

Age 50

### Cost-of-Living (COL) Benefits

a. Based on change in CPI; 3% maximum change per year for Safety Tier A and Tier D.

b. Based on change in CPI; 2% maximum change per year for Safety Tier C and Tier E.

### Employees' Safety Tier A Non-Enhanced (Section 31664) Contribution Rates

a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FC1 (Tier A). (GC 31639.25)

b. COL - to provide for one-half of future COL costs.

### Employees' Safety Tier A and Tier C Enhanced (Section 31664.1) Contribution Rates

a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FC1 (Tier A). (GC 31139.25)

   Basic - to provide for an average annuity at age 50 equal to 1/100 of FC3 (Tier C).

b. COL - to provide for one-half of future COL costs.

### PEPRA Safety Tiers D and E (GC 7522.30) Contribution Rates

a. 50% of the total Normal Cost rate.

### Employer Contribution Rate

*Tiers A, C, D, and E*
Enough to make up the balance of the basic and COL contributions needed plus the amount required to amortize the Unfunded Actuarial Accrued Liability.

### Other Information

Safety members under the enhanced benefit formula with membership dates on or before January 1, 2013 will be exempt from paying member contributions after 30 years of service.

# V. Statistical *Section*



Lone Oak #2 – Lafayette, California. *(Patrick Smith)*

# Summary of Statistical Data

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

Financial Trends Information is intended to assist readers in understanding how CCCERA's financial activities and positions have changed over time. The Changes in Fiduciary Net Position for Years 2005 – 2014 presents additions by source, deductions by type, and the total change in fiduciary net position 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 period. 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 2005 – 2014 presents the employers and number of their corresponding covered employees.

# Changes in Fiduciary Net Position For Years 2005 - 2014

**Changes in Fiduciary Net Position**
For Years 2005 - 2014

*(Dollars In Thousands)*

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| **Additions** | | | | | |
| Employer Pension Obligation Bond Proceeds | $ - | $ - | $ - | $ - | $ - |
| Employer Contributions | 293,760 | 235,017 | 212,321 | 200,389 | 183,951 |
| Plan Member Contributions | 78,258 | 72,373 | 73,362 | 61,575 | 64,330 |
| Net Investment Income (Loss) | 488,873 | 884,870 | 680,538 | 100,363 | 605,672 |
| Net Securities Lending Income | 1,167 | 1,148 | 1,535 | 951 | 1,097 |
| **Total Additions** | 862,058 | 1,193,408 | 967,756 | 363,278 | 855,050 |
| **Deductions** | | | | | |
| Pension Benefits | 387,026 | 369,809 | 347,569 | 320,297 | 288,969 |
| Refunds | 6,798 | 3,844 | 3,276 | 3,909 | 2,647 |
| Administrative Expense | 6,980 | 6,776 | 6,030 | 6,290 | 5,283 |
| Other Expenses | 10,662 | 9,242 | 8,590 | 7,649 | 7,723 |
| **Total Deductions** | 411,466 | 389,671 | 365,465 | 338,145 | 304,622 |
| **CHANGE IN FIDUCIARY NET POSITION** | **$450,592** | **$803,737** | **$602,291** | **$25,133** | **$550,428** |

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Additions** | | | | | |
| Employer Pension Obligation Bond Proceeds | $ - | $ - | $ - | $11,693 | $153,135 |
| Employer Contributions | 195,614 | 206,519 | 196,930 | 179,755 | 147,165 |
| Plan Member Contributions | 66,536 | 76,452 | 75,591 | 73,469 | 73,475 |
| Net Investment Income (Loss) | 748,861 | (1,467,872) | 306,459 | 614,913 | 341,877 |
| Net Securities Lending Income | 2,436 | 3,392 | 1,208 | 658 | 506 |
| **Total Additions** | 1,013,447 | (1,181,509) | 580,188 | 880,488 | 716,158 |
| **Deductions** | | | | | |
| Pension Benefits | 266,866 | 250,445 | 235,656 | 216,057 | 196,106 |
| Refunds | 4,628 | 3,730 | 3,113 | 3,232 | 2,075 |
| Administrative Expense | 7,359 | 5,601 | 5,942 | 4,860 | 4,896 |
| Other Expenses | 7,563 | 8,133 | 7,370 | 7,052 | 6,440 |
| Membership Withdrawal | - | - | - | - | 3,535 |
| **Total Deductions** | 286,416 | 267,909 | 252,081 | 231,201 | 213,052 |
| **CHANGE IN FIDUCIARY NET POSITION** | **$727,031** | **$(1,449,418)** | **$328,107** | **$649,287** | **$503,106** |

# Schedule of Benefit Expenses by Type *(Annual Benefit Amounts)*

**Schedule of Benefit Expenses by Type**
Annual Benefit Amounts as of December 31 of Each Year

*(Dollars In Thousands)*

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Service Retirement Payroll:** | | | | | | | | | | |
| General | $188,945 | $179,079 | $163,514 | $144,304 | $131,646 | $121,929 | $113,955 | $104,164 | $94,018 | $83,343 |
| Safety | 102,791 | 96,403 | 87,198 | 78,221 | 70,782 | 66,953 | 62,705 | 56,215 | 49,532 | 44,668 |
| **Total** | 291,736 | 275,482 | 250,712 | 222,525 | 202,428 | 188,882 | 176,660 | 160,379 | 143,550 | 128,011 |
| **Disability Retirement Payroll:** | | | | | | | | | | |
| General | 12,371 | 12,049 | 11,974 | 12,013 | 12,134 | 12,072 | 11,899 | 11,910 | 11,608 | 11,855 |
| Safety | 32,346 | 29,725 | 28,341 | 27,349 | 26,708 | 24,845 | 23,529 | 21,283 | 19,867 | 18,737 |
| **Total** | 44,717 | 41,774 | 40,315 | 39,362 | 38,842 | 36,917 | 35,428 | 33,193 | 31,475 | 30,592 |
| **Beneficiary Payroll:** | | | | | | | | | | |
| General | 19,511 | 18,011 | 17,825 | 16,727 | 16,144 | 16,030 | 15,312 | 14,449 | 13,850 | 13,399 |
| Safety | 13,845 | 12,302 | 11,445 | 10,355 | 9,452 | 8,616 | 8,256 | 8,036 | 7,231 | 6,977 |
| **Total** | 33,356 | 30,313 | 29,270 | 27,082 | 25,596 | 24,646 | 23,568 | 22,485 | 21,081 | 20,376 |
| **Total Benefit Expense:** | | | | | | | | | | |
| General | 220,827 | 209,139 | 193,313 | 173,044 | 159,924 | 150,031 | 141,166 | 130,523 | 119,476 | 108,597 |
| Safety | 148,982 | 138,430 | 126,984 | 115,925 | 106,942 | 100,414 | 94,490 | 85,534 | 76,630 | 70,382 |
| **TOTAL** | **$369,809** | **$347,569** | **$320,297** | **$288,969** | **$266,866** | **$250,445** | **$235,656** | **$216,057** | **$196,106** | **$178,979** |

# Schedule of Retired Members by Type of Benefit

**Schedule of Retired Members by Type of Benefit**
Summary of Monthly Allowances Being Paid as of December 31, 2013

| *Amount of Monthly Benefit* | Number of Retirees & Beneficiaries | Service | Disability | Beneficiary |
|---|---|---|---|---|
| **General Members** | | | | |
| $0 to $999 | 1,549 | 1,202 | 7 | 340 |
| $1,000 to $1,999 | 1,619 | 1,201 | 153 | 265 |
| $2,000 to $2,999 | 1,185 | 867 | 156 | 162 |
| $3,000 to $3,999 | 770 | 628 | 80 | 62 |
| $4,000 to $4,999 | 460 | 401 | 18 | 41 |
| $5,000 to $5,999 | 317 | 288 | 6 | 23 |
| $6,000 to $6,999 | 237 | 226 | 2 | 9 |
| $7,000 to $7,999 | 145 | 141 | 0 | 4 |
| $8,000 to $8,999 | 93 | 91 | 0 | 2 |
| $9,000 to $9,999 | 69 | 68 | 0 | 1 |
| $10,000 & Over | 136 | 135 | 0 | 1 |
| **TOTALS** | **6,580** | **5,248** | **422** | **910** |
| **Safety Members** | | | | |
| $0 to $999 | 101 | 52 | 7 | 42 |
| $1,000 to $1,999 | 126 | 51 | 8 | 67 |
| $2,000 to $2,999 | 173 | 56 | 51 | 66 |
| $3,000 to $3,999 | 329 | 98 | 156 | 75 |
| $4,000 to $4,999 | 246 | 101 | 97 | 48 |
| $5,000 to $5,999 | 157 | 109 | 31 | 17 |
| $6,000 to $6,999 | 152 | 115 | 27 | 10 |
| $7,000 to $7,999 | 172 | 140 | 27 | 5 |
| $8,000 to $8,999 | 149 | 108 | 29 | 12 |
| $9,000 to $9,999 | 130 | 101 | 27 | 2 |
| $10,000 & Over | 310 | 259 | 45 | 6 |
| **TOTALS** | **2,045** | **1,190** | **505** | **350** |

# Schedule of Average Benefit Payment Amounts

**Schedule of Average Benefit Payment Amounts**
Estimates Based on Years of Credited Service - General and Safety Combined

| | Years of Credited Service | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Retirement Effective Date*** | **0-5** | **5-10** | **10-15** | **15-20** | **20-25** | **25-30** | **30+** | **Totals** |
| **1/1/2013 - 12/31/2013** | | | | | | | | |
| Average monthly benefit | $533 | $1,150 | $1,824 | $3,215 | $4,454 | $5,020 | $4,991 | $2,739 |
| Average Final Compensation | $7,171 | $6,454 | $6,399 | $8,744 | $8,625 | $8,993 | $9,138 | $7,537 |
| Number of retired members | 12 | 52 | 87 | 41 | 43 | 27 | 15 | 277 |
| **1/1/2012 - 12/31/2012** | | | | | | | | |
| Average monthly benefit | $1,953 | $1,160 | $2,096 | $3,690 | $4,897 | $5,991 | $6,272 | $3,871 |
| Average Final Compensation | $10,284 | $5,938 | $6,949 | $8,901 | $9,206 | $9,710 | $8,780 | $8,344 |
| Number of retired members | 19 | 70 | 126 | 77 | 149 | 81 | 58 | 580 |
| **1/1/2011 - 12/31/2011** | | | | | | | | |
| Average monthly benefit | $436 | $1,334 | $1,853 | $2,663 | $4,325 | $6,315 | $6,829 | $4,091 |
| Average Final Compensation | $7,653 | $5,871 | $6,543 | $7,091 | $8,476 | $9,629 | $9,410 | $8,044 |
| Number of retired members | 12 | 77 | 102 | 86 | 156 | 114 | 116 | 663 |
| **1/1/2010 - 12/31/2010** | | | | | | | | |
| Average monthly benefit | $559 | $1,148 | $1,781 | $3,019 | $4,619 | $6,126 | $6,837 | $4,018 |
| Average Final Compensation | $8,826 | $6,015 | $6,670 | $7,280 | $9,422 | $9,473 | $9,099 | $8,081 |
| Number of retired members | 9 | 55 | 73 | 56 | 57 | 69 | 81 | 400 |
| **1/1/2009 - 12/31/2009** | | | | | | | | |
| Average monthly benefit | $1,039 | $1,368 | $1,844 | $2,697 | $4,532 | $6,595 | $7,046 | $3,810 |
| Average Final Compensation* | $- | $- | $- | $- | $- | $- | $- | $ - |
| Number of retired members | 17 | 67 | 70 | 73 | 78 | 62 | 62 | 429 |
| **1/1/2008 - 12/31/2008** | | | | | | | | |
| Average monthly benefit | $1,499 | $1,454 | $2,108 | $3,334 | $4,426 | $5,971 | $7,145 | $3,738 |
| Average Final Compensation* | $- | $ - | $- | $- | $ - | $- | $- | $ - |
| Number of retired members | 15 | 45 | 38 | 51 | 43 | 42 | 28 | 262 |
| **1/1/2007 - 12/31/2007** | | | | | | | | |
| Average monthly benefit | $862 | $1,044 | $1,685 | $2,350 | $3,044 | $6,010 | $7,608 | $3,287 |
| Average Final Compensation* | $ - | $- | $- | $- | $ - | $- | $- | $ - |
| Number of retired members | 21 | 65 | 71 | 79 | 64 | 66 | 51 | 417 |

(Schedule continued on next page)

**Schedule of Average Benefit Payment Amounts**
Estimates Based on Years of Credited Service - General and Safety Combined

| | *Years of Credited Service* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Retirement Effective Date*** | **0-5** | **5-10** | **10-15** | **15-20** | **20-25** | **25-30** | **30+** | **Totals** |
| **1/1/2006 - 12/31/2006** | | | | | | | | |
| Average monthly benefit | $624 | $1,066 | $1,170 | $2,365 | $3,981 | $5,511 | $6,864 | $3,684 |
| Average Final Compensation* | $- | $- | $- | $- | $- | $- | $- | $ - |
| Number of retired members | 16 | 24 | 50 | 53 | 44 | 48 | 65 | 300 |
| **1/1/2005 - 12/31/2005** | | | | | | | | |
| Average monthly benefit | $722 | $1,143 | $1,394 | $2,095 | $3,611 | $5,910 | $5,834 | $3,418 |
| Average Final Compensation* | $- | $- | $- | $- | $- | $- | $- | $- |
| Number of retired members | 23 | 38 | 82 | 83 | 59 | 62 | 107 | 454 |
| **1/1/2004 - 12/31/2004** | | | | | | | | |
| Average monthly benefit | $738 | $1,089 | $1,302 | $2,406 | $3,065 | $5,486 | $6,105 | $3,431 |
| Average Final Compensation* | $- | $- | $- | $- | $- | $- | $- | $- |
| Number of retired members | 12 | 27 | 40 | 39 | 38 | 40 | 57 | 253 |

* Average Final Compensation 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 of Retirement | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *GENERAL TIER 1* | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ |
| **2013 Average Monthly Benefit** | $4,531 | $4,417 | $3,861 | $3,123 | $2,784 | $2,240 | $1,868 | $1,999 | $1,465 |
| Number Retirees & Beneficiaries | 500 | 559 | 602 | 528 | 487 | 435 | 317 | 158 | 47 |
| **2012 Average Monthly Benefit** | $4,697 | $4,202 | $3,693 | $2,854 | $2,618 | $2,055 | $1,986 | $1,773 | $1,490 |
| Number Retirees & Beneficiaries | 535 | 631 | 594 | 510 | 514 | 434 | 324 | 141 | 40 |
| **2011 Average Monthly Benefit** | $4,522 | $4,107 | $3,419 | $2,824 | $2,415 | $1,936 | $1,923 | $1,721 | $1,483 |
| Number Retirees & Beneficiaries | 524 | 633 | 621 | 550 | 486 | 440 | 328 | 124 | 32 |
| **2010 Average Monthly Benefit** | $4,261 | $3,933 | $3,238 | $2,744 | $2,336 | $1,764 | $1,900 | $1,531 | $1,477 |
| Number Retirees & Beneficiaries | 501 | 658 | 594 | 548 | 506 | 467 | 314 | 107 | 24 |
| **2009 Average Monthly Benefit** | $3,997 | $3,747 | $3,003 | $2,628 | $2,133 | $1,748 | $1,843 | $1,466 | $1,402 |
| Number Retirees & Beneficiaries | 530 | 633 | 580 | 550 | 535 | 461 | 293 | 94 | 26 |
| **2008 Average Monthly Benefit** | $4,135 | $3,506 | $2,897 | $2,490 | $2,057 | $1,773 | $1,830 | $1,388 | $1,509 |
| Number Retirees & Beneficiaries | 546 | 632 | 560 | 578 | 564 | 478 | 264 | 79 | 23 |
| **2007 Average Monthly Benefit** | $3,905 | $3,326 | $2,611 | $2,314 | $1,874 | $1,836 | $1,670 | $1,295 | $1,324 |
| Number Retirees & Beneficiaries | 632 | 631 | 537 | 607 | 578 | 478 | 241 | 59 | 18 |
| **2006 Average Monthly Benefit** | $3,856 | $3,139 | $2,575 | $2,164 | $1,783 | $1,660 | $1,604 | $1,138 | $1,376 |
| Number Retirees & Beneficiaries | 617 | 649 | 584 | 584 | 607 | 480 | 223 | 54 | 14 |
| **2005 Average Monthly Benefit** | $3,679 | $2,903 | $2,453 | $2,077 | $1,643 | $1,641 | $1,496 | $1,209 | $1,550 |
| Number Retirees & Beneficiaries | 659 | 619 | 587 | 594 | 628 | 467 | 194 | 48 | 19 |
| **2004 Average Monthly Benefit** | $3,399 | $2,698 | $2,304 | $1,831 | $1,563 | $1,585 | $1,360 | $1,092 | $875 |
| Number Retirees & Beneficiaries | 639 | 609 | 604 | 638 | 621 | 450 | 182 | 45 | 10 |

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

# Schedule of Average Benefit Payment Amounts *(Continued)*

**Schedule of Average Benefit Payment Amounts**
Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

| | Years of Retirement | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***GENERAL TIER 2*** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40+** |
| **2013 Average Monthly Benefit** | $440 | $654 | $919 | $1,003 | $1,140 | $922 | $524 | | |
| Number Retirees & Beneficiaries | 45 | 77 | 136 | 202 | 85 | 15 | 3 | | |
| **2012 Average Monthly Benefit** | $602 | $613 | $943 | $1,016 | $1,082 | $951 | $517 | | |
| Number Retirees & Beneficiaries | 58 | 78 | 161 | 186 | 75 | 11 | 2 | | |
| **2011 Average Monthly Benefit** | $600 | $651 | $1,023 | $890 | $1,091 | $923 | $661 | | |
| Number Retirees & Beneficiaries | 67 | 80 | 209 | 158 | 51 | 9 | 1 | | |
| **2010 Average Monthly Benefit** | $653 | $721 | $1,039 | $821 | $1,290 | $662 | | | |
| Number Retirees & Beneficiaries | 71 | 109 | 215 | 143 | 30 | 8 | | | |
| **2009 Average Monthly Benefit** | $611 | $713 | $1,045 | $802 | $1,153 | $703 | | | |
| Number Retirees & Beneficiaries | 74 | 126 | 232 | 114 | 27 | 6 | | | |
| **2008 Average Monthly Benefit** | $835 | $886 | $995 | $1,065 | $913 | $617 | | | |
| Number Retirees & Beneficiaries | 82 | 144 | 232 | 101 | 17 | 4 | | | |
| **2007 Average Monthly Benefit** | $751 | $887 | $967 | $1,014 | $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 | $1,076 | $1,009 | | | |
| Number Retirees & Beneficiaries | 540 | 122 | 257 | 128 | 25 | 6 | | | |

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

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

| | Years of Retirement | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *GENERAL TIER 3* | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ |
| **2013 Average Monthly Benefit** | $2,769 | $2,374 | $1,518 | $1,677 | $1,594 | | | | |
| Number Retirees & Beneficiaries | 1297 | 776 | 306 | 3 | 2 | | | | |
| **2012 Average Monthly Benefit** | $2,798 | $2,210 | $1,397 | $680 | $1,563 | | | | |
| Number Retirees & Beneficiaries | 1286 | 724 | 220 | 1 | 2 | | | | |
| **2011 Average Monthly Benefit** | $2,672 | $2,020 | $1,291 | $660 | $1,518 | | | | |
| Number Retirees & Beneficiaries | 1102 | 626 | 164 | 1 | 2 | | | | |
| **2010 Average Monthly Benefit** | $2,443 | $1,849 | $1,267 | $1,698 | $1,156 | | | | |
| Number Retirees & Beneficiaries | 886 | 518 | 90 | 2 | 2 | | | | |
| **2009 Average Monthly Benefit** | $2,347 | $1,651 | $1,465 | $1,213 | $1,183 | $1,965 | | | |
| Number Retirees & Beneficiaries | 852 | 398 | 54 | 6 | 3 | 1 | | | |
| **2008 Average Monthly Benefit** | $2,237 | $1,441 | $1,154 | $1,479 | $1,035 | | | | |
| Number Retirees & Beneficiaries | 768 | 324 | 2 | 3 | 1 | | | | |
| **2007 Average Monthly Benefit** | $2,020 | $1,327 | $1,115 | $1,287 | | | | | |
| Number Retirees & Beneficiaries | 752 | 224 | 2 | 3 | | | | | |
| **2006 Average Monthly Benefit** | $1,831 | $1,211 | | | | | | | |
| Number Retirees & Beneficiaries | 600 | 177 | | | | | | | |
| **2005 Average Monthly Benefit** | $1,667 | $1,170 | | | | | | | |
| Number Retirees & Beneficiaries | 538 | 97 | | | | | | | |
| **2004 Average Monthly Benefit** | $1,438 | $1,126 | | | | | | | |
| Number Retirees & Beneficiaries | 396 | 46 | | | | | | | |

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

# Schedule of Average Benefit Payment Amounts *(Concluded)*

**Schedule of Average Benefit Payment Amounts**
Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

| | Years of Retirement | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***SAFETY TIER A and TIER C*** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40+** |
| **2013 Average Monthly Benefit** | $6,858 | $7,145 | $6,583 | $5,150 | $5,117 | $4,155 | $4,255 | $3,986 | $3,093 |
| Number Retirees & Beneficiaries | 493 | 421 | 404 | 226 | 186 | 123 | 90 | 69 | 33 |
| **2012 Average Monthly Benefit** | $6,946 | $7,113 | $6,165 | $5,023 | $4,738 | $3,951 | $4,108 | $3,599 | $3,272 |
| Number Retirees & Beneficiaries | 487 | 471 | 364 | 205 | 158 | 125 | 91 | 61 | 28 |
| **2011 Average Monthly Benefit** | $6,763 | $7,040 | $5,513 | $4,892 | $4,409 | $3,909 | $3,880 | 3,711 | $2,940 |
| Number Retirees & Beneficiaries | 437 | 486 | 304 | 215 | 142 | 125 | 87 | 55 | 26 |
| **2010 Average Monthly Benefit** | $6,791 | $6,521 | $5,452 | $4,623 | $4,380 | $3,637 | $3,891 | $3,555 | $2,818 |
| Number Retirees & Beneficiaries | 406 | 453 | 287 | 223 | 133 | 107 | 86 | 50 | 21 |
| **2009 Average Monthly Benefit** | $6,620 | $6,093 | $5,110 | $4,706 | $3,929 | $3,756 | $3,780 | $3,178 | $2,619 |
| Number Retirees & Beneficiaries | 426 | 406 | 268 | 222 | 126 | 98 | 88 | 41 | 21 |
| **2008 Average Monthly Benefit** | $6,644 | $6,126 | $4,800 | $4,813 | $3,884 | $3,903 | $3,810 | $2,926 | $2,453 |
| Number Retirees & Beneficiaries | 409 | 406 | 236 | 202 | 128 | 101 | 83 | 30 | 16 |
| **2007 Average Monthly Benefit** | $6,517 | $5,758 | $4,573 | $4,438 | $3,625 | $3,909 | $3,397 | $2,830 | $2,420 |
| Number Retirees & Beneficiaries | 465 | 362 | 229 | 168 | 128 | 107 | 76 | 22 | 19 |
| **2006 Average Monthly Benefit** | $6,475 | $5,143 | $4,442 | $4,039 | $3,451 | $3,771 | $3,379 | $2,508 | $2,135 |
| Number Retirees & Beneficiaries | 467 | 301 | 244 | 150 | 132 | 105 | 62 | 25 | 10 |
| **2005 Average Monthly Benefit** | $5,984 | $5,042 | $4,171 | $3,911 | $3,339 | $3,684 | $3,160 | $3,053 | $1,635 |
| Number Retirees & Beneficiaries | 455 | 289 | 243 | 140 | 115 | 103 | 61 | 20 | 9 |
| **2004 Average Monthly Benefit** | $5,550 | $4,598 | $4,182 | $3,298 | $3,278 | $3,520 | $2,731 | $2,299 | $1,459 |
| Number Retirees & Beneficiaries | 406 | 272 | 237 | 135 | 135 | 106 | 5 | 18 | 7 |

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

# Participating Employers and Active Members for Years 2005 - 2014

## Participating Employers and Active Members for Years 2005 - 2014

| County of Contra Costa: | 2014 | % of Totals | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Members | 6,897 | 75.30% | 6,784 | 6,357 | 6,280 | 6,403 | 6,429 | 6,802 | 6,871 | 6,668 | 6,699 |
| Safety Members | 894 | 9.76% | 951 | 912 | 888 | 935 | 956 | 1,020 | 1,023 | 1,025 | 1,027 |
| **TOTAL:** | **7,791** | **85.06%** | **7,735** | **7,269** | **7,168** | **7,338** | **7,385** | **7,822** | **7,894** | **7,693** | **7,726** |
| **Participating Agencies:** | | | | | | | | | | | |
| Bethel Island Municipal Improvement District | 1 | 0.01% | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 5 | 4 |
| Byron, Brentwood, Knightsen Union Cemetery District | 5 | 0.06% | 5 | 5 | 5 | 4 | 3 | 3 | 5 | 5 | 5 |
| Central Contra Costa Sanitary District | 262 | 2.86% | 260 | 255 | 248 | 252 | 266 | 266 | 257 | 258 | 249 |
| Contra Costa County Employees' Retirement Association | 43 | 0.47% | 44 | 38 | 36 | 37 | 37 | 37 | 35 | 35 | 35 |
| Contra Costa Housing Authority | 82 | 0.90% | 83 | 83 | 91 | 92 | 91 | 90 | 92 | 97 | 98 |
| Contra Costa Mosquito and Vector Control District | 33 | 0.36% | 34 | 33 | 35 | 35 | 35 | 37 | 35 | 35 | 31 |
| Delta Diablo Sanitation District* | - | 0.00% | - | - | - | - | - | - | - | - | - |
| Diablo Water District* | - | 0.00% | - | - | - | - | - | - | - | - | - |
| Local Agency Formation Commission (LAFCO) | 2 | 0.02% | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Ironhouse Sanitary District* | - | 0.00% | - | - | - | - | - | - | - | - | - |
| Rodeo Sanitary District | 7 | 0.08% | 7 | 6 | 8 | 7 | 8 | 8 | 7 | 7 | 7 |
| In-Home Supportive Services Authority (IHSS) | 12 | 0.13% | 12 | 12 | 12 | 12 | 12 | 13 | 16 | 15 | 12 |
| First 5 - Children & Families Commission | 22 | 0.24% | 21 | 20 | 22 | 24 | 22 | 16 | 14 | 14 | 13 |
| Contra Costa County Fire Protection District | 297 | 3.24% | 286 | 299 | 331 | 321 | 349 | 354 | 344 | 354 | 361 |
| East Contra Costa Fire Protection District | 38 | 0.41% | 49 | 38 | 48 | 49 | 50 | 50 | 52 | 55 | 55 |
| Moraga-Orinda Fire Protection District | 62 | 0.68% | 70 | 62 | 65 | 73 | 73 | 71 | 71 | 66 | 73 |
| Rodeo-Hercules Fire Protection District | 23 | 0.25% | 15 | 14 | 17 | 21 | 21 | 21 | 21 | 21 | 21 |
| Superior Court of Contra Costa County | 324 | 3.54% | 344 | 342 | 357 | 360 | 405 | 407 | 395 | 370 | 342 |
| San Ramon Valley Fire Protection District | 155 | 1.69% | 155 | 160 | 182 | 181 | 180 | 185 | 179 | 179 | 172 |
| **TOTAL:** | **1,368** | **14.94%** | **1,389** | **1,371** | **1,461** | **1,473** | **1,557** | **1,563** | **1,527** | **1,517** | **1,479** |
| **TOTAL ACTIVE MEMBERSHIP** | **9,159** | **100.00%** | **9,124** | **8,640** | **8,629** | **8,811** | **8,942** | **9,385** | **9,421** | **9,210** | **9,205** |

*Districts that terminated their membership with CCCERA

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Printed in Contra Costa County