Contra Costa County
Employees' Retirement Association

Comprehensive Annual Financial Report

For the years ended December 31, 2007 and 2006

A Component Unit of the
County of Contra Costa, California

Graphics removed for faster web loading.

On the cover:

One of CCCERA's primary considerations is informing and educating our members about their benefits. The citizens of Contra Costa County also have a tradition (now spanning three centuries) of dedication to learning. On the cover, (upper left) Tassajara School, established in 1888, is the only one room schoolhouse that remains in its original location.

Live Oak School (center) was first constructed in 1885, then enlarged in 1903 The building is still in use as a church.

The former Pleasant Hill Grammar School (lower right) is the oldest public building in town and is now home to a local little theatre group.

Comprehensive Annual Financial Report

for the year-ended December 31, 2007 and 2006


Issued by:

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

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

Table of Contents

I. Introductory Section

Letter of Transmittal 6
Members of The Retirement Board 12
List of Professional Consultants 13
Administrative Organization Chart 14
GFOA Certificate of Achievement for Excellence in Financial Reporting 15
PPCC Achievement Award 16

II. Financial Section

Independent Auditor s Report 18

Management's Discussion and Analysis (MD & A) 20

Basic Financial Statements:
Statement of Plan Net Assets 26
Statement of Changes in Plan Net Assets 27
Notes to the Financial Statements 28

Required Supplementary Information (Other than MD&A):
Schedule of Funding Progress 47
Schedule of Employer Contributions 47
Latest Actuarial Valuation Methods and Assumptions 48

Other Supplementary Information:
Schedule of Administrative Expenses 49
Schedule of Investment Expenses 50

Table of Contents

III. Investment Section

Chief Investment Officer's Report 52
General Information and Proxy Summary 54
Investment Results Based on Fair Value 55
Asset Allocation 56
Largest Stock and Bond Holdings (at Fair Value) 57
Schedule of Investment Management Fees 58
Investment Summary 59
Investment Managers 60

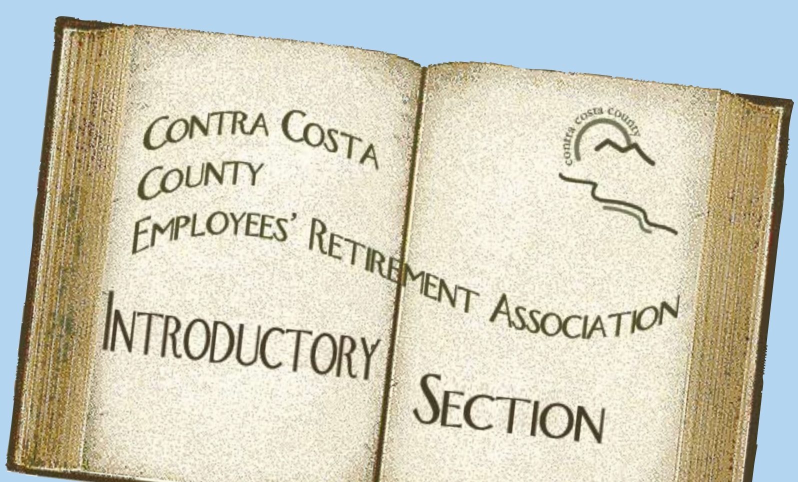
IV. Actuarial Section

Actuary Certification Letter 62
Summary of Assumptions and Funding Methods 64
Probability of Occurrence 66
Summary of December 31, 2006 Valuation Results 67
Summary of Significant Results 68
Schedule of Active Member Valuation Data 69
Retirants and Beneficiaries Added to and Removed from Retiree Payroll 70
Solvency Test 70
Actuarial Analysis of Financial Experience 70
Summary of Major Pension Plan Provisions 71

V. Statistical Section

Changes in Plan Net Assets for Years 1998–2007 78
Schedule of Benefit Expenses by Type 79
Schedule of Retired Members by Type of Benefit 80
Schedule of Average Benefit Payment Amounts 81
Participating Employers and Active Members 85

Notes on the Photographs 87


Contra Costa County Employees' Retirement Association
contra costa county
Introductory Section

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

Letter of Transmittal

May 1, 2008

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, 2007, our 62nd year of operation.

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

REPORT CONTENTS

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

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

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

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

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

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

CCCERA AND ITS SERVICES

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

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

E - Adopted Enhanced Benefits

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

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

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

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

FINANCIAL INFORMATION

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

An overview of CCCERA's fiscal operations for the year-ended December 31, 2007, is presented in the Management's Discussion and Analysis (MD&A), located in the financial section of the CAFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of CCCERA.

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

ACTUARIAL FUNDING STATUS

CCCERA's funding objective is to meet long-term benefit promises by maintaining a well-funded plan status and obtaining optimum investment returns. Pursuant to provisions in the County Employees Retirement Law of 1937, CCCERA engages an independent actuarial firm to perform an actuarial valuation of the system annually. Economic assumptions are reviewed annually. Additionally, every 3 years, a triennial experience study of the members of CCCERA is completed. The non-economic assumptions are updated at the time each triennial experience study is performed. The most recent triennial experience study, which was completed by The Segal Company, was performed as of December 31, 2006. The Segal Company's actuarial valuation as of December 31, 2006, determined the funding status (the ratio of system assets to system liabilities) to be 84.3%, using approved assumptions. A more detailed discussion of funding is provided in the Actuarial Section of this report.

INVESTMENTS

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

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

On a market value basis, the total net assets held in trust increased from $4.9 billion at December 31, 2006, to $5.2 billion at December 31, 2007. For the year-ended December 31, 2007, CCCERA's investment portfolio returned 7.3%, before investment management fees, reflecting market conditions throughout the year. The Association's annualized rate of return was 11.1% over the last three-years, 14.0% over the last five years, and 8.8% over the last 10 years, net of fees.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CCCERA for its Comprehensive Annual Financial Report (CAFR) for the year-ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

CCCERA was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award for 2007. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as a benchmark by which all defined benefit public plans should be measured. CCCERA has met these standards.

SERVICE EFFORTS AND ACCOMPLISHMENTS

Organization Structure - The new pension administration project and the retirement of some experienced staff members gave CCCERA the opportunity to assess our office procedures and make organizational improvements, in both personnel and task management. A new Supervising Accountant was recruited, raising the formal training level in the Accounting Division. An additional accountant position, preferably with a CPA designation, is planned in the future. A new accounting system implementation is moving forward in tandem with the pension administration project. Our Chief Investment Officer will recruit an Investment Analyst to assist with the increased complexity of this aspect of CCCERA's business.

Imaging - The Imaging Project is turning decades of paper files into easily accessible, electronic information, which will integrate with the pension system. CCCERA leased additional space to create a streamlined imaging operation, manned by several permanent staff members and six temporary workers. Data cleansing will be an ongoing process in the future, as we verify information flowing into new databases.

Pension System Project - "Core 1" of the administration system is scheduled to go live in 2008. Management and staff have been testing, verifiying results and identifying possible programming changes while maintaining their usual job duties. The process can be frustrating, but as more of the system comes on line and functions accurately, the sense of accomplishment is exhilarating. The next modules scheduled for completion are terminations, purchases and estimates.

Board of Retirement - A.B. 246 became statute in California. This law prohibits retirement board trustees from marketing investment products to other 1937 Act systems. This new ruling has potential to impact many systems, since some experienced trustees are investment professionals in private enterprise. This was the situation with CCCERA's former Board chairman, which resulted in his resignation.

Communications - CCCERA developed the first edition of *Spectrum,* a newsletter designed to give employers retirement news tailored to their specific interests. In addition to the CAFR, CCCERA also issued a mini-annual report in chart format for members. The completed General Member Handbook is now on our web site, annotated with 1937 Act citations should members want more extensive background information.

ACKNOWLEDGEMENT

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

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

Respectfully submitted,

Marilyn Leedom

Marilyn Leedom, CEBS
Retirement Chief Executive Officer

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MEMBERS OF THE RETIREMENT BOARD

AS OF DECEMBER 31, 2007

TRUSTEES	TERM EXPIRES	APPOINTED/ ELECTED BY
Clifton A. Wedington, CFP Chairperson*	June 30, 2008	Board of Supervisors
Brian Hast, Vice-Chairperson	June 30, 2010	General Members
William J. Pollacek, County Treasurer Secretary		Permanent by Office
Richard Cabral	June 30, 2008	General Members
John Gioia	June 30, 2008	Board of Supervisors
Paul Katz	June 30, 2008	Board of Supervisors
Bob Rey	June 30, 2008	Safety Members
Jerry Telles	June 30, 2010	Retirees
Maria Theresa Viramontes	June 30, 2010	Board of Supervisors
Dave Gaynor (alternate)	June 30, 2008	Board of Supervisors
Sharon Naramore (alternate)	June 30, 2010	Retirees
Jim Remick (alternate)	June 30, 2008	Safety Members

*Resigned January 23, 2008

List of Professional Consultants

As of December 31, 2007

Actuary

The Segal Company

Benefit Statement Consultant

The Segal Company

Data Processing

Contra Costa County Department of Information Technology

Auditor

Brown Armstrong CPAs

Legal Counsel

County Counsel of Contra Costa County
Steefel, Levitt & Weiss

Investment Consultant

Milliman USA

Master Custodian

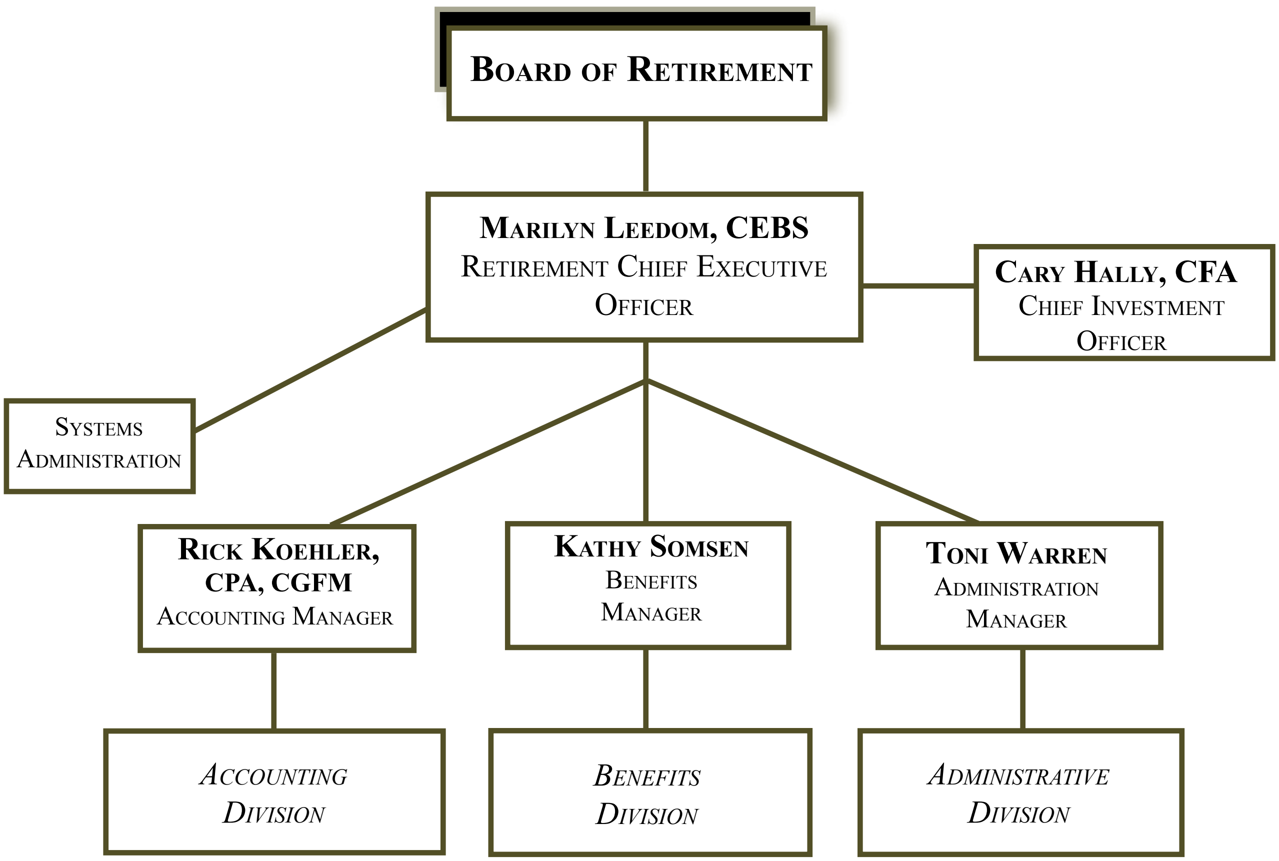
State Street Bank & Trust

Proxy Guideline Voting Agent Service

Institutional Shareholder Services

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

Administrative Organization Chart



GFOA Certificate of Achievement Award

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Contra Costa County Employees' Retirement Association, California

For its Comprehensive Annual Financial Report for the Fiscal Year-ended December 31, 2006

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Oliver S. Cox
President

Jeffrey R. Esser
Executive Director

PPCC

Public Pension Coordinating Council

Public Pension Standards

2007 Award

Presented to

Contra Costa County Employees' Retirement Association

In recognition of meeting professional standards for
plan design 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 of Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Live Oak School has seen varied use since its 1878 construction: school, grange hall, farm bureau and church.

Brown Armstrong Certified Public Accountants

BROWN ARMSTRONG PAULDEN
MCCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxton Ave., Suite 300
Bakersfield, California 93309
Tel 661-324-4971 Fax 661-324-4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661-746-2145 Fax 661-746-1218

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of plan net assets of the Contra Costa County Employees' Retirement Association (CCCERA), a component unit of the County of Contra Costa, California, as of December 31, 2007 and 2006, and the related statement of changes in plan net assets for the years then ended. These financial statements are the responsibility of CCCERA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 8 to the financial statements, in 2007 CCCERA adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Contra Costa County Employees' Retirement Association as of December 31, 2007 and 2006 and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (MD&A) and the schedules designated as required supplementary information in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary information (RSI) as listed in the table of contents is presented for purposes of additional analysis, as required by GASB, and is not a required part of the basic financial statements. This information is the responsibility of CCCERA's management. Such information has been subjected to the auditing procedures applied by us in the audit of the 2007 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2007 basic financial statements taken as a whole. The other supplementary information as listed in the table of contents, and the investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of CCCERA. The other supplementary information as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the information contained in the investment, actuarial, and statistical sections and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2008, on our consideration of CCCERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
April 30, 2008

Management's Discussion and Analysis

We are pleased to provide this overview and analysis of the financial activities of Contra Costa County Employees' Retirement Association (CCCERA) for the year-ended December 31, 2007. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our Letter of Transmittal, as well as the Financial Statements.

Financial Highlights

‡ The net assets of CCCERA at the close of the calendar year total $5.2 billion (net assets held in trust for pension benefits), an increase of $328.1 million, or 6.7% from the prior year, primarily as a result of investment income and the Net Appreciation in the Fair Value of Investments.

‡ Total Additions as reflected in the Statement of Changes in Plan Net Assets, for the year were $580.2 million, which includes employer and employee contributions of $272.5 million, an investment gain of $306.5 million, and net securities lending income of $1.2 million.

‡ Employer contributions increased from $179.8 million in 2006 to $196.9 million in 2007 primarily because of an increase in contribution rates. Also included in the 2007 amount is $3.1 million paid by County departments as a result of employees converting prior Tier 2 service to Tier 3 service.

‡ Employee contributions remained relatively flat for 2007 when compared to 2006. For 2007 and 2006, employee contributions were $75.6 million and $73.5 million, respectively.

‡ Total Deductions as reflected in the Statement of Changes in Plan Net Assets increased from $231.2 million to $252.1 million over the prior year, or approximately 9.0%. Benefits paid to retirees and beneficiaries increased from $216.1 million in 2006 to $235.7 million in 2007, or approximately 9.1%. There were no employer withdrawals in 2007 or 2006 as compared to 2005 when CCCERA sent $3.5 million to CalPERS on behalf of those employers.

‡ CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2006, the date of our last actuarial valuation, the funded ratio for CCCERA was 84.3%. In general, this indicates that for every dollar of benefits due we have approximately $0.84 to cover it.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Financial Analysis

Assets and Funding Ratio
As of December 31, 2007, CCCERA has $5.2 billion in net assets, which means that total assets of $6.4 billion exceed total liabilities of $1.2 billion. At December 31, 2006 and 2005, CCCERA's net assets totaled $4.9 billion and $4.2 billion, respectively. The net assets represent funds available for future payments. Of importance and unlike private pension funds, public pension funds are not required to disclose the future liability of obligations owed to retirees. Only current liabilities are reported on the Statement of Plan Net Assets.

As of December 31, 2007, net assets increased by 6.7% over 2006 and 23.2% over 2005, primarily due to investment income and an increase in the fair market value of investments. Current assets and current liabilities also changed by offsetting amounts due to the recording of the security lending cash collateral.

Capital Assets
CCCERA's investment in capital assets increased from $888,152 to $1,745,371 (net of accumulated depreciation and amortization). This investment in capital assets includes servers, equipment, furniture and leasehold improvements. The total increase in CCCERA's investment in capital assets for the current year was 96.5% over 2006 and 1,753% over 2005 primarily because CCCERA is in the process of updating its technology infrastructure, and has purchased computer servers and equipment for its imaging project. CCCERA started the design phase of a Pension Benefit System in early 2006. Costs associated with this project will be capitalized and amortized over a 10 year period. It is expected the project will take 24-27 months to complete.

PLAN NET ASSETS

	2007	2006	2005	% Change 2007-2006	% Change 2006-2005
Current Assets	$ 1,109,360,483	$1,037,216,815	$1,017,577,724	7.0%	1.9%
Investments	5,259,341,453	4,917,887,682	4,210,814,777	6.9%	16.8%
Capital Assets	1,745,371	888,152	94,204	96.5%	842.8%
Total Assets	6,370,447,307	5,955,992,649	5,228,486,705	7.0%	13.9%
Total Liabilities	1,171,330,725	1,084,983,018	1,006,764,453	8.0%	7.8%
Total Plan Net Assets	**$ 5,199,116,582**	**$4,871,009,631**	**$4,221,722,252**	**6.7%**	**15.4%**

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

CCCERA's Activities

CHANGES IN CCCERA NET ASSETS

Additions	2007	2006	2005	% Change 2007-2006	% Change 2006-2005
Employer Pension	$196,929,570	$179,755,315	$147,165,108	9.6%	22.1%
Obligation Bond Proceeds	0	11,693,396	153,134,911	-100.0%	-92.4%
Total Employer Contributions	196,929,570	191,448,711	300,300,019	2.9%	-36.2%
Employee Contributions	75,590,807	73,468,648	73,474,816	2.9%	0.0%
Net Investment Income	306,459,115	614,912,800	341,877,365	-50.2%	79.9%
Net Security Lending Income	1,208,556	657,577	505,829	83.8%	30.0%
Total	**$580,188,048**	**$880,487,736**	**$716,158,029**	**-34.1%**	**22.9%**

Deductions	2007	2006	2005	% Change 2007-2006	% Change 2006-2005
Pension Benefits	$235,656,024	$216,057,476	$196,106,294	9.1%	10.2%
Refunds	3,113,234	3,231,903	2,074,426	-3.7%	55.8%
Administrative	5,941,814	4,859,287	4,896,325	22.3%	-0.8%
Other Expenses	7,370,025	7,051,691	6,440,182	4.5%	9.5%
Membership Withdrawal	0	0	3,534,446	0.0%	-100.0%
Total	**$252,081,097**	**$231,200,357**	**$213,051,673**	**9.0%**	**8.5%**

Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	**$328,106,951**	**$649,287,379**	**$503,106,356**	**(49.5%)**	**29.1%**

Additions to Plan Net Assets
The primary sources to finance the benefits that CCCERA provides to its members are accumulated through the collection of member (employee) and employer contributions and through the earnings on investments (net of investment expenses). Net investment income for the years ended December 31, 2007 and 2006 totaled $306.5 million and $614.9 million, respectively.

By year-end, overall additions had decreased by $300.0 million over 2006, or -34.1% and decreased by $136.0 million over 2005 or -19.0% due primarily to the fluctuation of investment gains. The investment section of this report reviews the result of investment activity for the year-ended December 31, 2007.

Deductions from Plan Net Assets
The primary uses of CCCERA's assets include the payment of benefits to retirees and their beneficiaries, refund of contributions to terminated employees, and the cost of administering the system. Deductions in the year-ended December 31, 2007 totaled $252.1 million, an increase of 9.0% over December 31, 2006 and an increase of 18.3% from December 31, 2005. The increases are attributed to the additional benefit payments for retirees as well as the growth in the number and average amount of benefits paid to retirees year over year. In addition, CCCERA has recorded $795,000 to its 2007 administrative expenses for OPEB costs (see Note 8). This is the primary reason for administrative expenses increasing by 22.3% over 2006.

The Board of Retirement approves the annual budget for CCCERA. The California Government Code Section 31580.2 limits the annual administrative expense to eighteen one hundredths of one percent (0.18%) of the total assets of the retirement system. CCCERA has consistently met its administrative expense budget for the current year and prior years.

CCCERA's Fiduciary Responsibilities

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

Requests for Information

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

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

CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Respectfully submitted,

Rick Koehler, CPA, CGFM
Retirement Accounting Manager

May 1, 2008

CCCERA
FINANCIAL

Statement of Plan Net Assets

As of December 31, 2007 and 2006

	2007	2006
Assets:		
Cash equivalents	$ 218,170,938	$ 327,745,747
Cash collateral - securities lending	420,834,135	356,759,508
Total cash & cash equivalents	639,005,073	684,505,255
Receivables:		
Contributions	8,195,756	8,671,611
Investment trades	418,536,394	305,392,264
Investment income	16,697,511	11,590,110
Installment contracts - Paulson (see Note 11)	25,636,100	26,377,786
Other	729,959	161,131
Total receivables	469,795,720	352,192,902
Investments at fair value:		
Stocks	2,622,477,662	2,492,243,648
Bonds	1,997,853,713	1,813,655,433
Real estate	449,530,954	447,863,712
Alternative investments	189,479,124	164,124,889
Total investments	5,259,341,453	4,917,887,682
Other assets:		
Prepaid expenses/deposits	559,690	518,658
Capital assets, net of accumulated depreciation of $853,755	1,745,371	888,152
Total assets	6,370,447,307	5,955,992,649
Liabilities:		
Investment trades	649,189,678	642,186,387
Security lending	420,834,135	356,759,508
Employer contributions unearned	88,171,861	76,343,369
Retirement allowance payable	4,842,360	2,108,340
Accounts payable	5,296,975	4,768,944
Unclaimed contributions	0	184,367
Contributions refundable	92,690	540,072
Other liabilities	2,903,026	2,092,031
Total liabilities	1,171,330,725	1,084,983,018
Net Assets Held In Trust for Pension Benefits	**$5,199,116,582**	**$4,871,009,631**

(A schedule of funding progress is presented on page 47)

See accompanying notes to financial statements.

Statement of Changes in Plan Net Assets

for the Years Ended December 31, 2007 and 2006

Additions:	**2007**	**2006**
Contributions:		
Employer	$ 196,929,570	$ 179,755,315
Pension obligation bond proceeds (See Note 6)	0	11,693,396
Total employer contributions	196,929,570	191,448,711
Employee	75,590,807	73,468,648
Total contributions	272,520,377	264,917,359
Investment income:		
Net appreciation in fair value of investments	228,343,977	402,915,408
Net increase (decrease) in fair value of real estate	(64,214,839)	65,597,891
Interest	104,468,481	101,851,795
Dividends	41,628,123	33,490,848
Real estate income, net	18,440,430	25,056,718
Investment expense	(26,321,571)	(21,961,333)
Other income and expense	4,114,514	7,961,473
Net investment income, before securities lending income	306,459,115	614,912,800
Securities lending income:		
Earnings	25,050,411	16,593,269
Rebates	(22,947,361)	(15,481,175)
Fees	(894,494)	(454,517)
Net securities lending income	1,208,556	657,577
Net investment income	307,667,671	615,570,377
Total additions (contributions and net investment income)	580,188,048	880,487,736
Deductions:		
Benefits paid	235,656,024	216,057,476
Contribution prepayment discount	7,030,972	6,811,712
Administrative	5,941,814	4,859,287
Refunds of contributions	3,113,234	3,231,903
Other	339,053	239,979
Total deductions	252,081,097	231,200,357
Net Increase	328,106,951	649,287,379
Net Assets Held in Trust for Pension Benefits:		
Beginning of year, as previously stated	4,871,009,631	4,221,722,252
End of year	**$5,199,116,582**	**$4,871,009,631**

See accompanying notes to financial statements.

Note 1. Plan Description

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

General

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provisions of the 1937 Act on July 1, 1945. It provides benefits upon retirement, death or disability of members. CCCERA operates as a cost-sharing, multiple employer defined benefit pension plan that covers substantially all of the employees of the County of Contra Costa (the County) and 16 other member agencies. CCCERA's membership as of December 31, 2007 and 2006 is presented below.

	2007	2006
Retirees and Beneficiaries Receiving Benefits	6,896	6,856
Inactive Vested Members entitled to but not yet receiving benefits	2,015	1,919
Current Employees:		
Vested:		
General Employees	5,271	5,162
Safety Employees	1,220	1,202
Non-Vested:		
General Employees	2,537	2,440
Safety Employees	393	406
Total Membership	**18,332**	**17,985**

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

Benefit Provisions

The Plan is currently divided into eight benefit sections in accordance with the 1937 Act. These sections are known as General Tier I, enhanced and non-enhanced; Tier II; Tier III enhanced and non-enhanced; Safety Tier A and Safety Tier C enhanced and non-enhanced. On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3% at 50 for safety members and 2% at 55 for general members, effective 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, 2007, eight general member agencies and four safety member agencies have adopted enhanced benefits for their employees.

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

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal members who elected Tier I membership. As of December 31, 2007, there are no active Tier II member accounts. All members who moved to Tier III with five or more years of service prior to October 1, 2002, or were moved to Tier III effective October 1, 2002, or were moved to Tier III on February 1, 2006, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III.

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

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

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

Pertinent provisions for each section follow:

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

General - Tier II
Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may

be granted as service connected with no minimum service credit required or non-service connected with ten years of service credit required. Those members who elected in 1980 to transfer from General - Tier I to General - Tier II are eligible for non-service connected disability retirement with five years of service. The definition of a disability is more strict under General - Tier II than in the General - Tier I plan. The retirement benefit is based on a three-year final average salary in accordance with Government Code Section 31462.

General Tier III

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

Safety Tier A

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

Safety Tier C

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

Cost of Living Adjustments (COLA)

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

Terminations

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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, 2007 and 2006.

Capital Assets
Capital assets, consisting of leasehold improvements, furniture and office equipment, are presented at historical cost, less accumulated depreciation. 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. Depreciation is calculated using the straight-line method, with estimated lives of ten years for leasehold improvements and the pension administration system, and ranging from four to five years for office equipment. Depreciation for the years ended December 31, 2007 and 2006 was $178,641 and $97,241, respectively.

Compensated Absences

The December 31, 2007 and 2006 liability for accumulated annual leave earned by CCCERA employees totaling $180,538 and $169,691, respectively, included in the other liabilities on the *Statement of Plan Net Assets*, is recorded when earned by the employee. Upon termination of employment, an employee receives compensation for hours of unused annual leave limited by the number of annual leave hours that can be accumulated in two years of employment.

Pre-1981 Retiree Health Care Benefits

Government Code Section 31592.2 authorizes the Retirement Board to pay for healthcare costs of County retired members from the County (Employer) Advance Reserves. In December 2002, the Board transferred $11 million from its excess earnings to the Employer Advance Reserve to cover the reimbursement of health care costs of approximately 383 pre-1981 retirees who previously were not eligible for health care coverage. The County extended an offer of health care coverage to this group and approximately 40 retirees or their beneficiaries elected coverage. Starting with January 2004, and continuing through December 2008, CCCERA will reduce the County employer contributions by the amount owed for the pre-1981 retiree's health insurance premiums.

Use of Estimates

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

Implementation of New Accounting Pronouncements

CCCERA adopted the Governmental Accounting Standards Board's (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the year-ended December 31, 2007. CCCERA has provided Footnote 8, in the Financial Section of this CAFR.

NOTE 3. DEPOSITS AND INVESTMENT RISK DISCLOSURES

Investment Stewardship

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

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

Investment Risk

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

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

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

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

The following schedule is a list of fixed income and short-term investments and the related maturity schedule for CCCERA as of December 31, 2007:

Investment Maturities (in years)

Investment Type	Less than 1 year	1-5 years	5 -10 years	More than 10 years	Fair Value
Collateralized Mortgage Backed Securities (CMBS)	$ 6,955	$ 26,179,198	$ 42,746,662	$ 215,086,850	$ 284,019,665
Collateralized Mortgage Obligations (CMO)	-	-	992,406	174,181,896	175,174,302
Commerical Paper	25,963,866	-	-	-	25,963,866
Corporate Bonds	31,607,536	93,941,916	116,897,983	38,741,190	281,188,625
Private Placements	-	392,792,331	56,309,218	135,799,702	584,901,251
Short-term Investment Fund (STIF) Instruments	-	-	-	164,738,205	164,738,205
US Treasury Notes & Bonds	27,137,775	37,921,969	15,874,758	30,225,453	111,159,955
US Agencies (GNMA, FNMA, FHLMC)	23,054,860	15,383,556	54,037,303	478,825,144	571,300,863
TOTAL:	$107,770,992	$566,218,970	$286,858,330	$1,237,598,440	$2,198,466,732

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 $100,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in CCCERA's name.

At year-end, the carrying amount of CCCERA's cash deposits was $536,197 (which are included in cash equivalents) and the bank balance was $1,106,525. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $100,000 was covered by federal depository insurance, and $1,006,525 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

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

Concentration of Credit Risk

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

Credit Risk

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

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

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

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

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

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

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

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

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2007 as rated by Standard & Poor's:

Quality Ratings	Fair Value
AAA	$ 1,236,208,810
AA+	66,215,923
AA	26,103,832
AA-	15,616,797
A+	57,785,149
A	10,933,702
A-	6,717,869
BBB+	33,552,536
BBB	19,135,270
BBB-	14,197,500
BB+	70,819,116
BB	9,792,890
BB-	20,738,776
B+	36,764,997
B	28,664,705
B-	25,743,628
CCC+	4,472,501
CCC	3,226,598
CCC-	20,410
CC	14,528
NR	511,721,195
Total Credit Risk Fixed Income Securities	**$ 2,198,446,732**

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

CCCERA's exposure to Foreign Currency Risk in U.S. dollars as of December 31, 2007 is as follows:

Currency	Fixed Income	Equity	Total
Australian Dollar	$ 1,789,219	$ 23,174,931	$ 24,964,150
Brazilian Dollar	7,626,205	-	7,626,205
Canadian Dollar	2,086,460	15,171,351	17,257,811
Colombian Peso	1,796,282	-	1,796,282
Czech Koruna	-	3,684,704	3,684,704
Danish Krone	1,207,980	8,748,149	9,956,129
Euro	59,267,577	197,830,083	257,097,660
British Pound Sterling	4,963,539	99,605,015	104,568,554
Hong Kong Dollar	-	24,447,960	24,447,960
Hungarian Forint	5,650,982	-	5,650,982
Indonesian Rupiah	2,024,730	-	2,024,730
Japanese Yen	2,040,782	108,640,472	110,681,254
Mexican Peso	5,679,464	-	5,679,464
Norwegian Krone	1,862,667	291,134	2,153,801
New Zealand Dollar	4,038,780	4,658,137	8,696,917
Polish Zloty	889,651	-	889,651
Russian Rouble	3,837,115	-	3,837,115
Singapore Dollar	-	10,772,020	10,772,020
South African Rand	-	4,647,743	4,647,743
Swedish Krona	1,692,754	20,708,712	22,401,466
Swiss Franc	-	51,639,434	51,639,434
Total Securities Subject to Foreign Currency Risk	**$106,454,187**	**$574,019,845**	**$680,474,032**

Note 4. Securities Lending Transactions

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

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

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

At year-end, CCCERA has no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2007 was $434,447,220, which was collateralized by cash and securities in the amount of $447,227,215. The fair value of the cash collateral in the amount of $420,834,134 has been reported as an asset.

Securities Lending

The following securities were on loan and collateral received as of December 31, 2007:

Securities on Loan	Market Value of Securities on Loan	Cash Collateral	Non-Cash Collateral	Collateral Percentage
US Corporate Fixed and Equity	$335,931,751	$335,633,006	$10,505,837	103.0%
US Government	71,594,984	56,821,377	15,887,244	101.6%
International Equities	26,920,485	28,379,751	-	105.4%
Total	**$434,447,220**	**$420,834,134**	**$26,393,081**	**102.9%**

Note 5. Derivative Financial Instruments

As permitted by the California Government Code and the investment policy, CCCERA uses forward settlement contracts, forward currency contracts, futures and options contracts, and other derivative products within fixed income financial instruments. These derivative financial instruments are used to reduce financial market risks, enhance yields and to participate in all market areas without increasing investment costs. At December 31, 2007, the following derivative financial instruments were held by investment managers:

Various investment managers for CCCERA manage fixed income portfolios that contain derivative type financial instruments. These instruments include government and corporate obligations consisting of asset-backed securities, call and put options, floating rate notes, constant maturity index, Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations (CMOs), Collateralized Mortgage Backed Securities (CMBS) and LIBOR Indexed ARMs. The fair value of derivative financial instruments at December 31, 2007 is $1,194,345,198.

PIMCO and Western Asset management have made investments in forward currency contracts, which are unrecorded commitments to purchase or sell stated amounts of foreign currency. Gains or losses on the disposition of the commitments are recorded at the time of settlement. The fair values of forward currency contracts are determined by quoted currency prices from national exchanges. As of December 31, 2007, total commitments in forward currency contracts to purchase and sell foreign securities were $212,337,664 and $212,337,664, respectively, with market values of $211,593,914 and $210,767,601, respectively.

Note 6. Contributions

Employer and member basic and COLA contributions are based on statute and rates recommended by an independent actuary and adopted by the Retirement Board. Covered employees are required by statute to contribute toward their pensions. The rates are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and tier. CCCERA members are required to contribute between 7.13% and 18.91% of their annual covered salary, depending on their Tier and benefit. Certain County Safety and all Moraga Orinda Fire Protection District Safety members contribute an additional amount per year, up to a maximum of 9.0%, of the employer's increase in contributions attributed to the adoption of the enhanced benefit package commonly known as 3% at 50. Effective October 1, 2006, Contra Costa County and the Deputy Sheriff's Association agreed to modify the employee subvention of the employer rate from 9% to 3% for the Safety Tier A group only. Safety Tier C members pay or subvent 2.1% of the employer rate. Member contributions are refundable upon termination of employment.

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

During the year, contributions totaled $272,520,377, which included $75,590,807 in employee contributions, and $196,929,570 in employer contributions. The contribution figures also include employee and employer purchase, redeposit and conversion amounts. In 2006, the City of Pittsburg issued a Pension Obligation Bond and paid CCCERA $11,693,396 for payment of their December 31, 2003 unfunded liability associated with their withdrawal from CCCERA.

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

Six-year historical trend information, designed to provide information about CCCERA's progress in accumulating sufficient assets to pay benefits when due, is presented as required supplementary information on page 47**.**

Employer contributions for 2001 and 2002 are less than 100% due to action taken by the Board to phase-in, over a three-year period, increased contribution requirements associated with the December 31, 1997 actuarial experience study, as well as the *Ventura Decision* (see following paragraph). The Retirement Board, at its meeting on July 11, 2000, deferred for one-year, the third year phase-in from the experience study and the second year phase-in of the *Ventura Decision*. This action had the effect of keeping contribution rates lower currently, while extending the time for the phase-in of rates.

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

Note 7. Reserves and Designations

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

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

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

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

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

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

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

Market Stabilization Account represents the deferred return developed by the smoothing of realized and unrealized gains and losses based on a five-year smoothing.This method smoothes only the semi-annual deviation of total market return (net of expenses) from the return target, 7.9 percent per annum. This assumption rate was used in determining contribution rates for the periods July 1, 2006 through June 30, 2007 and July 1, 2007 through June 30, 2008. As of December 31, 2007, the Market Stabilization Account is a positive amount due to significant market gains in four out of the past five years.

Reserved and designated net assets at December 31, 2007 and December 31, 2006 are as follows:

	2007	2006
Valuation Reserves:		
Member Deposits	$ 402,308,679	$ 371,508,163
Member Cost of Living	150,321,127	123,249,338
Employer Advance	1,255,462,859	1,166,763,516
Employer Cost of Living	853,911,376	801,248,106
Retired Member	1,580,626,451	1,457,052,539
Retired Cost of Living	652,971,328	587,945,318
New Dollar Power Cost of Living Supplement and Pre-Fund	22,895,560	25,787,120
Smoothed Market Value Valuation	184,150,047	170,187,940
Contra Tracking Account	(86,510,892)	(242,871,007)
Total Valuation Reserves	5,016,136,535	4,460,871,033
Supplemental Reserves:		
Post Retirement Death Benefit	13,139,253	12,786,106
Other Reserves/Designations:		
Statutory Contingency Reserve (one percent)	0	0
Total Allocated Reserves/Designations	5,029,275,788	4,473,657,139
Market Stabilization Account	169,840,794	397,352,492
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	**$ 5,199,116,582**	**$ 4,871,009,631**

NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Contra Costa County is the plan sponsor and administers a multiple-employer defined benefit post employment health plan (Post Retirement Medical Benefits Plan). The purpose of the Post Retirement Medical Benefits Plan is to provide post retirement health benefits for employees who have retired under CCCERA and to their spouses and dependents only. Contra Costa County contracts with various health plans such as Contra Costa Health Plan (CCHP), Kaiser, and Health Net as well as contracting with two dental plans known as Delta Dental and PMI Delta Care Dental to provide health and dental coverage to its active and retired members. The insurers charge the same premium for active and retired members. Benefit provisions are established and amended through negotiations between Contra Costa County and the bargaining units. The Plan may be modified, altered, or terminated at any time and for any reason as provided in the plan documents.

Trust Agreement
On September 25, 2007, the Board of Supervisors approved the selection of an irrevocable trust structure (Internal Revenue Service Code Section 115) for OPEB funding for Contra Costa County known as the Retirement Medical Benefit Trust (Trust). The purpose of the Trust is to hold assets to pay post retirement health benefits. The Trust will be legally established during the fiscal year 2007/08. It is the County’s intent to begin pre-funding benefits in the 2008/09 fiscal year. The Trust, which consists of assets contributed by the County (and other participating employers), will be administered by the financial officials typically responsible for safeguarding the County’s assets. For the purposes of transparency, the Trustee will provide a monthly accounting of trust transactions and arrange for public distribution of this information. The Trustee will separately account for all contributions, distributions, payments, expenses, gains and losses attributable to the County and each Employer that participates in the Trust. It is the County’s intent that the Trustees will engage a professional investment manager.

Annual OPEB Cost and Net OPEB Obligation
The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Each employer shall determine, in its sole discretion, the amount of contributions (if any) made to the trust for any period from time to time. CCCERA's portion of the total County's ARC is shown in the following table:

Annual required contribution	$795,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	$795,000
Contribution made	-
Net OPEB obligation	$795,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	$795,000

Calendar Year-ended	Annual OPEB Cost	Percentage of Annual OPEB COST Contributed	Net OPEB Obligation
12/31/2007	$795,000	0%	$795,000

Funded Status and Funding Progress
The following dollar amounts represent the status of the entire program, which is administered by Contra Costa County, not CCCERA. As of January 1, 2006, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	$2,571,650,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$2,571,650,000
Funded ratio (actuarial value of plan assets)	0.0%
Covered payroll (active plan members)	$650,000,000
UAAL as a percentage of covered payroll	395.6%

Contra Costa County is undergoing a valuation of its OPEB liability in March & April of 2008. Amounts determined from that valuation are unavailable at the time of CCCERA's audit and preparation of its 2007 CAFR. These updated figures will be reported in CCCERA's 2008 CAFR.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the FY2007/08 as required supplementary information following the notes to the financial statements of the County of Contra Costa Comprehensive Annual Financial Report, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the January 1, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns of the employer's own investments calculated, and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 5 percent after seven years. Both rates include a 3.5 percent inflation assumption. The Post Retirement Medical Benefits Plan's unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount over 30 years on a closed basis. The remaining amortization period at December 31, 2007 is 28 years.

Note 9. Lease Obligation

CCCERA owns the Willows Office Park located at 1355 Willow Way, Concord, California and has held this property as a real estate investment since 1984. The property manager for the Willows Office Park is CB Richard Ellis. CCCERA has entered into a fair market lease to occupy a portion of the building. A commitment under an operating lease agreement for office facilities provides for minimum future rental payments through July 31, 2011. These future minimum rental payments as of December 31, 2007 are as follows:

Year-ending December 31	Amount
2008	$ 324,108
2009	324,108
2010	324,108
2011	189,063
Total *	$ 1,161,387

*Lease expires July 31, 2011

Note 10. Risk Management

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

NOTE 11. PAULSON LAWSUIT SETTLEMENT

During the year-ended December 31, 1999, CCCERA settled its litigation, entitled *Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al*. The lawsuit was brought on behalf of a class of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating member's retirement benefits as a result of the Ventura Decision (see Note 6). A settlement agreement was entered into with all parties and each employer was invoiced for their share of the $34.2 million additional liability plus interest up to the date of the payment. All employers except Contra Costa County have paid off their liability. Contra Costa County chose to pay its share of the liability due over 19.5 years and entered into an agreement with CCCERA. These employers entered into contracts with CCCERA. The following summary lists the pertinent details of the County's agreement plus the amounts due at December 31, 2007.

INSTALLMENT PAYMENTS DUE FROM PAULSON FINAL LIABILITY

	Contra Costa County
Agreement Details:	
Effective Date of Agreement	December 16, 2003
First Payment Due	August 1, 2004
Last Payment Due	February 1, 2024
Rate of Interest	8%
Annual Principal and Interest Payment	$ 2,759,911
Original Principal	$ 28,064,981
Receivable at December 31, 2007:	
Future Principal Payments	$ 24,809,129
Interest Accrued for 2007	$ 826,971

NOTE 12. LITIGATION, COMMITMENTS AND CONTINGENCIES

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

Required Supplementary Information

Schedule of Funding Progress (Dollars In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/01	$2,613,220	$2,983,551	$370,331	87.6%	$523,621	70.7%
12/31/02	3,296,736	3,677,624	380,888	89.6%	580,415	65.6%
12/31/03	3,538,722	4,141,390	602,668	85.4%	600,274	100.4%
12/31/04	3,673,858	4,481,243	807,385	82.0%	619,132	130.4%
12/31/05	4,062,057	4,792,428	730,371	84.8%	627,546	116.4%
12/31/06	$4,460,871	$5,293,977	$833,106	84.3%	$653,953	127.4%

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

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2001	$ 58,642,407**	94.1%
2002	58,319,678**	98.6%
2003	108,728,047***	100.0%
2004	118,245,418	100.0%
2005	147,165,108****	100.0%
2006	$ 179,755,315*****	100.0%

** The contribution percentage is less than 100% due to actions taken by the Board of Retirement to phase-in, over three-years, increased contribution requirements associated with the significant actuarial assumption changes and the expansion of earnable compensation required by the "Ventura Decision," which is discussed in Note 6 of the *Notes to Financial Statements.*

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

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

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

Actuarial valuations of CCCERA are normally carried out as of December 31 of each year and contribution requirements resulting from such valuations become effective on July 1 of the following fiscal year, except as follows: The contribution requirements from the December 31, 2001 valuation became effective on January 1, 2003 per Retirement Board action and remained in effect through June 30, 2004. The contribution requirements resulting from subsequent valuations will become effective 18 months after the valuation date. (i.e. December 31, 2005 became effective on July 1, 2007.)

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

Latest Actuarial Valuation Methods and Assumptions

Valuation Date	December 31, 2006
Actuarial Cost Method	Entry Age Normal Funding Method
Amortization Method	Level Percent - closed
Remaining Amortization Period	16 Years
Asset Valuation Method	5 year Smoothed Market, excluding non-valuation reserves and designations*
Actuarial Assumptions	
Investment Rate of Return	7.80%
Projected Salary Increases	6.66%
Attributed to Inflation	3.75%
Cost-of-Living Adjustments for Retirees & Beneficiaries	Contingent upon CPI Increases with a 3% or 4% Maximum

* The exclusion of non-valuation reserves and designations was implemented in the January 1, 1997 actuarial study. The six year history on page 47 has been restated to reflect this change.

CCCERA FINANCIAL

Other Supplementary Information

Schedule of Administrative Expenses

For the Years Ended December 31, 2007 and 2006

	2007	2006
Personnel Services:		
Salaries and Wages	$ 2,326,527	$ 2,224,971
Employee Retirement	2,161,807	1,278,731
Total Personnel Services	4,488,334	3,503,702
Professional Services:		
Actuary - Benefit Statement	67,344	69,153
Computer and Software Services and Support	38,354	43,831
County Counsel - Disability	84,033	90,512
Disability Hearing Officer/Medical Reviews	28,056	49,967
External Audit Fees	36,154	42,146
Contra Costa Dept of Information Technology	227,607	91,474
Newsletters	34,935	22,235
Other Professional Services	67,870	100,488
Total Professional Services	584,353	509,806
Office Expenses:		
Office Lease and Expenses	300,620	352,543
Office Supplies	42,835	49,296
Minor Equipment and Computer Supplies	18,655	23,258
Postage	49,973	51,194
Equipment Lease	16,801	17,161
Requested Maintenance	6,800	2,623
Communications/Telephone	17,852	15,144
Printing and Publications	14,431	13,458
Total Office Expenses	467,967	524,677
Miscellaneous:		
Fiduciary and Staff - Education/Travel	78,842	70,113
Fiduciary and Staff - Meetings/Other Travel	5,078	4,395
Insurance	124,045	136,095
Memberships	14,554	13,258
Total Miscellaneous	222,519	223,861
Depreciation and Amortization	178,641	97,241
Total Administrative Expenses	**$ 5,941,814**	**$ 4,859,287**

CCCERA FINANCIAL

Schedule of Investment Expenses

For the Years Ended December 31, 2007 and 2006

	2007	2006
Investment Management Fees, by portfolio:		
Stocks	$ 10,117,577	$ 9,092,846
Bonds	6,324,406	4,557,762
Real Estate	4,272,890	4,246,163
Alternative	3,994,029	2,770,724
Cash and Short-term	10,147	9,139
Total Investment Management Fees	24,719,049	20,676,634
Investment Consulting Fees:		
Consulting Services	254,796	253,610
Attorney Services	195,509	85,396
Actuarial Services	170,779	129,997
Total Investment Consulting Fees	621,084	469,003
Investment Custodian Fees	559,293	472,500
Other Investment Related Expenses	422,145	343,197
Total Investment Expenses	**$ 26,321,571**	**$ 21,961,334**

John Swett High School, Crockett,
California
Constructed in 1927

REPORT ON INVESTMENT ACTIVITY

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

March 6, 2008

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

Re: *Chief Investment Officer Review of 2007 Investment Returns*

Members of the Board:

The Contra Costa County Employees' Retirement Association (CCCERA) experienced positive performance for the calendar year-ending December 31, 2007, which slightly under-performed some performance objectives and slightly out-performed in comparison to the universes of peer funds. This is the fifth consecutive calendar year CCCERA has posted positive returns.

Total Fund Performance
CCCERA's Total Fund returned 7.3% for the one-year period ending December 31, 2007, trailing the 7.9% actuarial interest rate and the 8.3% return for the performance objective of the CPI plus 400 basis points. Relative to peer universe comparisons, CCCERA's 2007 performance slightly exceeded the median total fund return of 7.1% and the median public fund return of 6.9%, ranking in the 45th percentile in the universe of total funds and in the 42nd percentile in the universe of public funds.

Domestic Equity Performance
CCCERA's domestic equities returned 6.5% for 2007, exceeding the 5.1% return of the Russell 3000 Index and the 5.5% return of the S&P 500 Index. CCCERA's domestic equities also out-performed the 5.5% return of the median equity manager for the one-year period ending December 31, 2007, ranking in the 40th percentile in the universe of domestic equity managers.

International Equity Performance
For the calendar year of 2007, CCCERA's international equities had strong performance with a return of 15.3%. This performance is above the 2007 return of 11.6% for the MSCI EAFE Index and exceeded the 2007 return of 11.9% for the median international equity manager. CCCERA's international equities ranked in the 36th percentile in the universe of international equity portfolios for the one-year period ending December 31, 2007.

Domestic Fixed Income Performance
CCCERA's total domestic fixed income returned 5.8% for the one-year period ending December 31, 2007, below the 6.5% return of the Lehman Universal Index and the 6.5% return of the median domestic fixed income manager. For 2007, CCCERA's domestic fixed income performance ranked in the 62nd percentile in the universe of domestic fixed income managers.

Trustees, Board of Retirement
March 6, 2008
Page 2

Real Estate Performance
In 2007, CCCERA's combined real estate portfolio experienced negative performance. The primary reason for the negative performance is the exposure to publicly traded real estate investment trusts (REITs). The return for the publicly traded DJ Wilshire REIT Index was -17.6% for the calendar year of 2007. CCCERA's combined real estate portfolio returned -3.0% for the calendar year 2007, trailing the 6.3% return for the real estate benchmark and the 13.9% return of the median real estate portfolio.

Alternative Investment Performance
For the one-year period ending December 31, 2007, CCCERA's combined alternative investment portfolio had very strong performance. The combined alternative investment portfolio had a 2007 calendar year return of 28.0%, led by strong returns with its private equity fund-of-funds investments. (Several components of the combined alternative investment composite are reported on a lagging quarter basis due to financial data reporting constraints.)

Asset Allocation
As of December 31, 2007, CCCERA's market value of assets is $5.26 billion, an increase of approximately $340 million from the December 31, 2006 market value of $4.90 billion. This is primarily the result of positive investment returns experienced in 2007.

CCCERA assets, as of December 31, 2007, were over-weighted in domestic fixed income at 26% versus the target of 25% (which includes 2% previously targeted for commodities), and domestic equity at 44% versus the target of 5%. All other asset classes are near their respective targets. (Assets earmarked for alternative investments are temporarily invested in domestic equities.)

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

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

Sincerely,

Cary Hally

Cary Hally, CFA
Chief Investment Officer

General Information

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

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

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment policies and objectives and defines the principal duties of the Board, custodian bank and investment managers. For the year-ended December 31, 2007, the total fund return was 7.3%, less than the targeted return of 8.3% (CPI plus 400 basis points), but greater than the median public fund return of 6.9%.

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 Shareholders Services (ISS) to research and vote CCCERA's U.S. proxy ballots in order to protect and enhance our returns.

INVESTMENT RESULTS BASED ON FAIR VALUE*

AS OF DECEMBER 31, 2007

		Current Year	3 Year	Annualized 5 Year	10 Year
DOMESTIC EQUITY		6.50%	9.50%	14.20%	6.17%
Benchmarks:	S&P 500	5.50%	8.60%	12.80%	5.92%
	Russell 2000	-1.60%	6.80%	16.30%	7.08%
	Russell 3000	5.10%	8.90%	13.60%	6.21%
INTERNATIONAL EQUITY		15.30%	20.60%	23.70%	11.36%
Benchmarks:	MSCI EAFE Index	11.60%	17.30%	22.10%	9.04%
	MSCI ACWI ex-US	17.10%	20.40%	24.50%	10.09%
DOMESTIC FIXED INCOME		5.80%	5.70%	6.20%	6.50%
Benchmarks:	Lehman Aggregate	7.00%	4.60%	4.40%	5.97%
	Lehman Universal	6.50%	4.70%	5.00%	6.08%
	Merrill Lynch HY II	2.10%	5.40%	10.70%	5.48%
	T-Bills	5.00%	4.30%	3.10%	3.78%
INTERNATIONAL FIXED INCOME**		-	-	-	-
Benchmark:	Lehman Global Aggregate	3.60%	4.60%	4.10%	6.09%
REAL ESTATE		-3.00%	16.10%	20.70%	14.20%
Benchmarks:	NCREIF Property Index	15.80%	17.50%	15.10%	12.91%
	DJ Wilshire REIT	-17.60%	8.50%	18.30%	11.04%
ALTERNATIVE INVESTMENTS		28.00%	26.70%	18.60%	13.20%
S&P 500 + 400 bps		9.70%	12.90%	17.30%	11.19%
TOTAL FUND		7.30%	11.10%	14.00%	8.82%
CPI + 400 bps		8.30%	7.50%	7.30%	6.80%

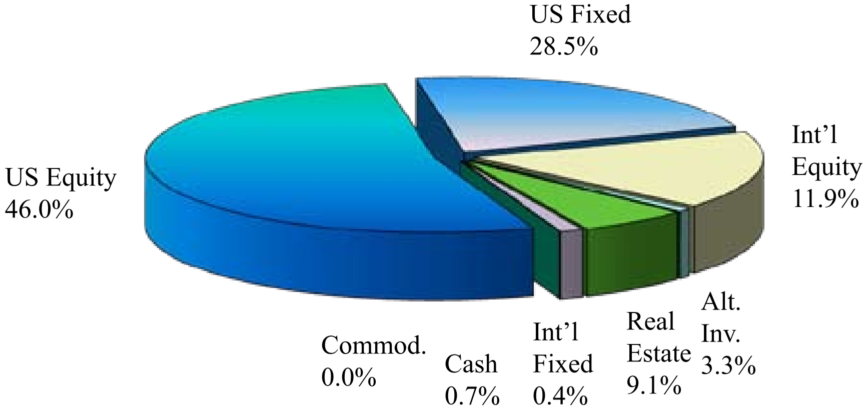
* Using time-weighted rate of return based on the market rate of return

** International Fixed Income Manager hired in December 2007

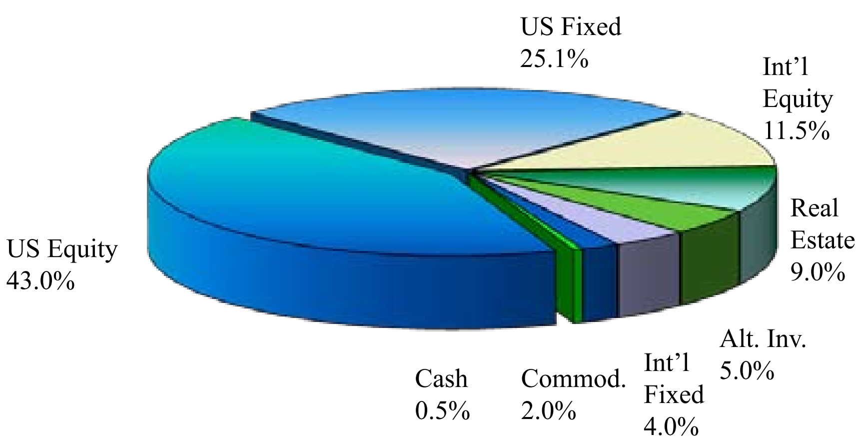
ASSET ALLOCATION

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

AS OF DECEMBER 31, 2007



Actual Asset Allocation



Target Asset Allocation

10 Largest Equity Holdings as of 12/31/07

CUSIP	Shares	Security Name	Fair Value
38259P508	32,000	GOOGLE INC	$ 22,127,360
91324P102	360,000	UNITEDHEALTH GROUP INC	20,952,000
929042109	222,125	VORNADO RLTY TR	19,535,894
828806109	223,600	SIMON PPTY GROUP INC NEW	19,421,896
747525103	480,000	QUALCOMM INC	18,888,000
760975102	160,000	RESEARCH IN MOTION LTD	18,144,000
45865V100	92,400	INTERCONTINENTALEXCHANGE INC	17,787,000
12572Q105	23,500	CME GROUP INC	16,121,000
053484101	170,600	AVALONBAY CMNTYS INC	16,060,284
368710406	229,800	GENENTECH INC	15,412,686
		Total Largest Equity Holdings	**$184,450,120**

10 Largest Fixed Holdings as of 12/31/07

CUSIP	Security Name	Cost	Fair Value
722005808	PIMCO FDS PAC INVT MGMT SER	$ 266,645,155	$ 267,677,412
01F050619	FNMA TBA JAN 30 SINGLE FAM	85,107,996	84,745,759
722005600	PIMCO FDS PAC INVT MGMT SER	71,106,567	78,252,903
722005857	PIMCO FDS PAC INVT MGMT SER	61,429,619	57,169,642
722005873	PIMCO FDS PAC INVT MGMT SER	39,305,055	38,723,718
722005402	PIMCO FDS PAC INVT MGMT SER	39,174,685	38,099,701
722005840	PIMCO FDS PAC INVT MGMT SER	38,851,534	36,457,185
01F052417	FNMA TBA JAN 15 SINGLE FAM	21,091,283	21,265,780
01N060619	GNMA I TBA JAN 30 SINGLE FAM	19,789,984	19,752,344
01F060618	FNMA TBA JAN 30 SINGLE FAM	19,290,508	19,293,907
	Total Largest Fixed Holdings		**$661,438,351**

A complete list of portfolio holdings is available on request.

Schedule of Investment Management Fees

For the year-ended December 31, 2007

Investment Activity	
Stock Managers	
Domestic	$ 8,544,023
International	1,573,554
Subtotal	10,117,577
Bond Managers	
Domestic	5,761,227
International	563,179
Subtotal	6,324,406
Real Estate Managers	4,272,890
Alternative Investment Managers	3,994,029
Cash & Short-term with County Treasurer	10,147
Total Fees from Investment Activity (see page 50)	24,719,049
Securities Lending Activity	
Management Fee	894,494
Borrower Rebate	22,947,361
Total Fees from Securities Lending Activity	23,841,855
Total Investment Management Fees	**$ 48,560,904**

Investment Summary

As of December 31, 2007

Type of Investment	**Fair Value**	**Percent of Total Fair Value**
Deposit	$ 536,197	0.01%
Short-term Investments held by Fiscal Agent	634,974,876	10.77%
Short-term Investments held by the County	3,494,000	0.06%
Total Short-term Investments	639,005,073	10.84%
US Government and Agency Instruments	1,057,795,698	17.93%
Private Placement Bonds	584,901,251	9.92%
Domestic Corporate Bonds	215,734,255	3.66%
International Bonds	139,422,509	2.36%
Total Bonds	1,997,853,713	33.87%
Domestic Stocks	1,931,244,922	32.74%
International Stocks	691,232,740	11.72%
Total Stocks	2,622,477,662	44.46%
Real Estate	449,530,954	7.62%
Alternative Investments	189,479,124	3.21%
Total Investments	**$5,898,346,526**	**100%**

Investment Managers

As of December 31, 2007

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

Equity - Domestic
Boston Partners
Delaware Investment Advisors
Emerald Advisors, Inc
ING Aeltus Investment Management
Intech
PIMCO
Progress Investment Management
Rothschild Asset Management
Wentworth, Hauser and Violich

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

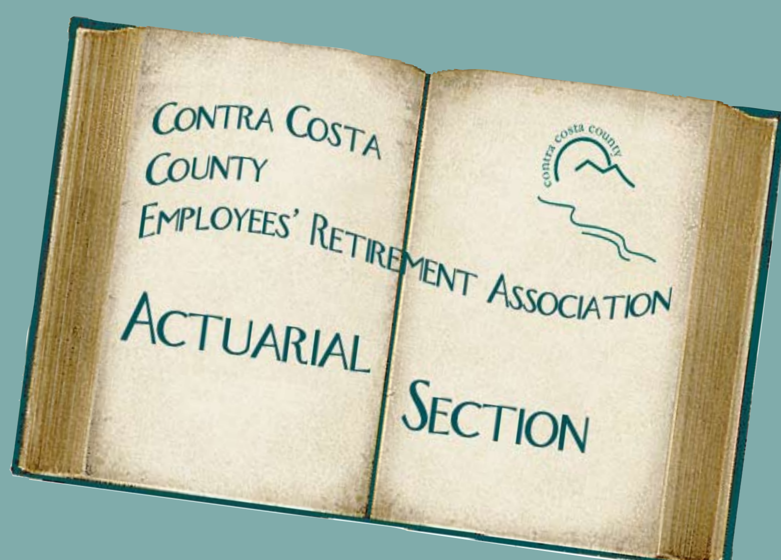
Fixed Income - International
Fischer, Francis, Trees & Watts, Inc
Lazard Asset Management

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

Fixed Income - Domestic
AFL-CIO Housing Investment Trust
ING Clarion Investment Management
Nicholas-Applegate Capital Management
PIMCO
Western Asset Management

Real Estate
Adelante Capital Management
Blackrock Realty
DLJ Real Estate Capital Partners LP
FFCA Institutional Advisors, Inc
Fidelity Management Trust Company
Hearthstone Advisors
Invesco Realty Advisors
Prudential Investment Management Service

Securities Lending Program
State Street Corporation



Iron House School
in the Oakley/Knightsen Area. Now a
Private Residence.

Actuary Certification Letter

SEGAL

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

January 31, 2008

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

Dear Members of the Board:

The Segal Company (Segal) prepared the December 31, 2006 actuarial valuation of the Contra Costa County Employees' Retirement Association (CCCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

As part of the December 31, 2006 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 included in the Actuarial Section. We did not audit the Association's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the semi-annual differences between the actual and expected market investment return over a five-year period.

The funding objective of the Plan is to establish normal contribution rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current (normal) cost plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). Actuarial gains and losses are incorporated into the UAAL and are amortized over the same period. Members also contribute to the Plan according to statutory requirements.

Board of Retirement
Contra Costa County Employees' Retirement Association
January 31, 2008
Page 2

The total UAAL is amortized as a level percentage of payroll over a decreasing 20-year period. The progress being made towards meeting the funding objective through December 31, 2006 is illustrated in the Actuarial Solvency Test that is included in the Actuarial Section.

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

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

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

Sincerely,

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

John Monroe, ASA, MAAA
Associate Actuary

MYM/hy

Summary of Assumptions and Funding Methods

The following assumptions have been adopted by the Board for the fiscal year 2006-2007 and were used for the December 31, 2004 valuation. The rates produced by this valuation were implemented on July 1, 2006 and continued to be in effect through June 30, 2007.

Assumptions

Valuation Interest Rate	7.90%
Inflation Assumption	3.75%
Real "Across the Board" Salary Increases	0.50%
Merit Salary Increase Assumption	2.41%
Projected Salary Increases	6.66%
Cost of Living Adjustments (maximums)	3% for Tiers 1, 3 and Safety, 4% for Tier 2
Interest Rate Credited to Active Member Accounts	7.90%

The following assumptions have been adopted by the Board for the fiscal year 2007-2008 and were used for the December 31, 2005 valuation. The rates produced by this valuation were implemented on July 1, 2007 and will continue to be in effect through June 30, 2008.

Assumptions

Valuation Interest Rate	7.90%
Inflation Assumption	3.75%
Real "Across the Board" Salary Increases	0.50%
Merit Salary Increase Assumption	2.41%
Projected Salary Increases	6.66%
Cost of Living Adjustments (maximums)	2% for Safety (Tier C) 3% for Tiers 1,3 and Safety (Tier A) 4% for Tier 2
Interest Rate Credited to Active Member Accounts	7.90%

Post-Retirement Mortality

A. Healthy:

General Tier 1, Tier 2 and Tier 3	RP-2000 Combined Healthy Mortality Table set back 2 years
Safety Members	RP-2000 Combined Healthy Mortality Table set back 2 years

B. Disabled:

General Tier 1, Tier 2 and Tier 3	RP-2000 Combined Healthy Mortality Table set forward 6 years
Safety Members	RP-2000 Combined Healthy Mortality Table

C. Employee Contribution Rate:

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

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

Pre-Retirement Mortality	Based upon the Experience Analysis as of 12/31/06
Withdrawal Rates	Based upon the Experience Analysis as of 12/31/06
Disability Rates	Based upon the Experience Analysis as of 12/31/06
Service Retirement Rates	Based upon the Experience Analysis as of 12/31/06
Salary Scales	Total increases of 6.66% per year reflecting approximately 4.00% for inflation, .25% for additional real "across the board" salary increases and approximately 2.41% for merit and longevity
Marriage Assumption At Retirement	80% for male members 55% for female members
Value of Assets for Contribution Rate Purposes	Actuarial Value as described in Actuarial Valuation Methods Section of Valuation Report

Funding Method and Amortization of Actuarial Gains or Losses

The employer's liability is being funded on the Entry Age Normal Method and with an Unfunded Actuarial Accrued Liability (UAAL). The current amortization period for the UAAL is 16 years as of December 31, 2006.

Probability of Occurrence

Termination Rates (%) Before Retirement

Mortality

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

Withdrawal
(<5 years of Service)

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

Disability

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

Withdrawal
(5+ years of Service)

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

Retirement Rates (%)

Non-Enhanced Benefits

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

Enhanced Benefits

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

Summary of December 31, 2006 Valuation Results

	December 31, 2006		December 31, 2005	
Employer Contribution Rates (County and District combined):				
	Total Rate	Estimated Annual Amount*	Total Rate	Estimated Annual Amount**
General Tier 1 Non-enhanced	34.54%	$ 2,078,309	34.59%	$ 2,025,000
General Tier 1 Enhanced	29.88%	23,805,088	30.74%	25,306,636
General Tier 3 Enhanced	26.01%	109,102,205	26.39%	103,392,799
Safety Tier A Non-enhanced	41.90%	836,113	36.79%	698,430
Safety Tier A Enhanced	46.20%	67,822,516	46.77%	68,115,581
Safety Tier C Enhanced	43.33%	N/A	N/A	N/A
All Employers Combined	**31.14%**	**$ 203,644,231**	**31.79%**	**$199,538,446**

Average Member Contribution Rates:

	Total Rate	Estimated Annual Amount*	Total Rate	Estimated Annual Amount**
General Tier 1 Non-enhanced	7.26%	$ 436,969	7.42%	$ 434,388
General Tier 1 Enhanced	6.38%	5,083,207	6.86%	5,647,033
General Tier 3 Enhanced	6.28%	26,342,885	6.63%	25,979,154
Safety Tier A Non-enhanced	12.78%	255,024	14.12%	268,058
Safety Tier A Enhanced	12.45%	18,275,607	13.36%	19,456,566
Safety Tier C Enhanced	7.37%	N/A	N/A	N/A
All Categories Combined	**7.71%**	**$ 50,393,692**	**8.25%**	**$ 51,785,199**

Key Actuarial Assumptions

	December 31, 2006	December 31, 2005
Annual Interest Rate:	7.80%	7.90%
Annual Inflation Rate:	3.75%	3.75%
Average Annual Salary Increase:	6.66%	6.66%

* Based on December 31, 2006 projected annual payroll.

** Based on December 31, 2005 projected annual payroll.

Summary of Significant Results

Association Membership	**December 31, 2006**	**December 31, 2005**	**Increase/ (Decrease)**
Active Members			
1. Number of Members	9,210	9,205	0.1%
2. Average Age	45.7	45.5	0.4%
3. Average Service	10.4	10.4	0.0%
4. Total Active Payroll	$ 653,953,163	$ 627,546,408	4.2%
5. Average Monthly Salary	$ 5,917	$ 5,681	4.2%
Retired Members			
1. Number of Members:			
Service Retirement	4,615	4,416	4.5%
Disability Retirement	913	919	(0.7)%
Beneficiaries	1,118	1,102	1.5%
2. Average Age	69.0	68.8	0.3%
3. Actual Retired Payroll	$ 216,057,476	$ 196,106,294	10.2%
4. Average Monthly Pension	$ 2,815	$ 2,693	4.5%
Inactive Vested Members			
1. Number of Members*	1,919	1,731	10.9%
2. Average Age	45.4	45.4	0.0%
Asset Values (Net)			
Market Value	$ 4,871,009,631	$ 4,221,722,252	15.4%
Return on Market Value	14.23%	8.71%	
Actuarial Value	$ 4,473,657,139	$ 4,074,492,832	9.8%
Return on Actuarial Value	8.63%	5.74%	
Valuation Assets	$ 4,460,871,033	$ 4,062,057,143	9.8%
Return on Valuation Assets	8.64%	5.74%	
Liability Values			
Actuarial Accrued Liability	$ 5,293,977,010	$ 4,792,428,024	10.5%
Unfunded Actuarial Accrued Liability (UAAL)	$ 833,105,977	$ 730,370,881	14.1%
Funding Ratio			
GASB No. 25	84.3%	84.8%	0.5%

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

Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary
12/31/01	General	7,529	$401,877,010	$53,377	3.12%
	Safety	1,700	121,744,376	71,614	3.57%
	Total	**9,229**	**$523,621,386**	**$56,737**	**3.21%**
12/31/02	General	7,854	$449,362,523	$57,214	7.19%
	Safety	1,757	131,052,957	74,589	4.15%
	Total	**9,611**	**$580,415,480**	**$60,391**	**6.44%**
12/31/03	General	7,778	$462,351,361	$59,443	3.90%
	Safety	1,698	137,922,547	81,226	8.90%
	Total	**9,476**	**$600,273,908**	**$63,347**	**4.89%**
12/31/04	General	7,675	$472,100,272	$61,511	3.48%
	Safety	1,683	147,031,946	87,363	7.55%
	Total	**9,358**	**$619,132,218**	**$66,161**	**4.44%**
12/31/05	General	7,594	$480,015,003	$63,210	2.76%
	Safety	1,611	147,531,405	91,578	4.82%
	Total	**9,205**	**$627,546,408**	**$68,175**	**3.04%**
12/31/06	General	7,602	$505,165,640	$66,452	5.13%
	Safety	1,608	148,787,523	92,530	1.04%
	Total	**9,210**	**$653,953,163**	**$71,005**	**4.15%**

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
2001	5,558	451	N/A	(112)	N/A	5,897	$126,190,164	11.53%	21,399
2002	5,487*	267	$18,430,647	(135)	($4,524,000)	5,619	140,096,811	11.02%	24,933
2003	5,619	541	28,635,293	(224)	(4,809,000)	5,936	163,923,104	17.01%	27,615
2004	5,936	316	18,212,193	(134)	(3,156,000)	6,118	178,979,297	9.18%	29,255
2005	6,118	494	22,298,799	(175)	(5,171,802)	6,437	196,106,294	9.57%	30,465
2006	6,437	357	$23,469,814	(148)	($3,518,632)	6,646	$216,057,476	10.17%	32,509

*Adjusted to reflect a single record for members receiving benefit payments from multiple tiers.

Solvency Test

(Dollar Amounts in Thousands)

Valuation Date	Aggregate Accrued Liabilities (AAL) for: 1 Active Member Contributions	2 Retirants and Beneficiaries	3 Active Members Employer Portion	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets: 1	2	3
12/31/01	$ 242,385	$ 1,533,583	$ 1,207,583	$ 2,613,220	100%	100%	69%
12/31/02	258,072	1,749,725	1,669,827	3,296,736	100%	100%	77%
12/31/03	273,175	2,072,929	1,795,286	3,538,722	100%	100%	66%
12/31/04	351,578	2,212,082	1,947,583	3,673,858	100%	100%	59%
12/31/05	354,585	2,468,601	1,969,242	4,062,057	100%	100%	63%
12/31/06	$ 399,864	$ 2,820,634	$ 2,073,479	$ 4,460,871	100%	100%	60%

Actuarial Analysis of Financial Experience

For Years Ended December 31

(Dollar Amounts In Thousands)

Type of Activity	2006	2005	2004	2003	2002	2001
Composite Gain (or Loss) During Year	($102,735)	$77,014	($204,717)	($221,780)	($10,557)	($81,984)

Summary of Major Pension Plan Provisions

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

Briefy summarized below are the major provisions of the County Employees Retirement Law of 1937, as amended through December 31, 2007, and as adopted by Contra Costa County and special district employers.

A. GENERAL MEMBERS -

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

Coverage

Tier 1:

a. All General Members hired before July 1, 1980 and electing not to transfer to Tier 2 Plan.

Tier 3:

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

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

Final Average Salary (FAS)

a. One-year final average salary

Service Retirement

a. Requirement

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

Tier 2 Plan (Section 31751)

Tier 2:

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

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

Final Average Salary (FAS):

a. Three-year final average salary

Service Retirement:

a. Requirement

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

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

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

b.Benefit
Retirement (Tier 2 plan)

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

Maximum Benefit 100% of FAS.

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

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

Retirement

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

Maximum Benefit - 100% of FAS

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

Disability Retirement

Tier 1:

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

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

Tier 2 and Tier 3:

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

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

Death Before Retirement

Tier 1 and 3

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

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

c. Line of Duty Death - 1/2 FAS

Tier 2

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

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

Death After Retirement

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

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

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

c. Lump sum payment of $5,000.

Tier 2 Plan (Section 31751)

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

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

Withdrawal Benefits

Tier 1 and Tier 3

a. If less than five years of service, return of contributions, but can leave funds to earn interest.

b. If greater than five years of service, right to have vested deferred retirement benefit.

Tier 2

a. If less than five years of service, return of contributions, but can leave funds to earn interest.

b. If greater than five years of service, right to have vested deferred retirement benefit.

Cost of Living Benefit

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

4% maximum change per year.

Employee's Contribution Rates

Non-enhanced 31676.11

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

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

Enhanced 31676.16

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

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

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

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

Employer Contribution Rates

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

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

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

B. SAFETY MEMBERS (31664 and 31664.1)

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

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

Service Retirement
a. Requirement
Age 50 and 10 years of service, or with 20 years of service regardless of age.
b. Non-enhanced Benefit at Retirement (Section 31664)-(Rodeo-Hercules Fire Protection District)

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

Maximum Benefit: 100% of FAS

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

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

Maximum Benefit: 100% of FAS

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

Death Before Retirement
a. Prior to retirement eligibility (less than 5 years)
(1) One month's salary for each year of service
(2) Return of contributions
b. While eligible to retire (after five years)
60% of Service or Disability Retirement Benefit.
Generally the benefit is 20% of FAS.
c. Line of Duty death - 1/2 FAS

Death After Retirement

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

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

c. Lump sum payment of $5,000

Withdrawal Benefits

a. If less than five years of service, return of contributions, but can leave funds to earn interest

b. If greater than five years of service, right to have vested deferred retirement benefit

Cost of Living Benefit

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

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

Employees' Non-enhanced (Section 31664) Contribution Rates

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

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

Employees' Enhanced (Section 31664.1) Contribution Rates

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

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

Employer Contribution Rate

Enough to make up the balance and COL costs

Port Costa School, A Greek Revival building erected in 1911.

Closed in 1966. Restoration efforts began in 1988.

Changes in Plan Net Assets For Years 1998 – 2007

Additions	**2007**	**2006**	**2005**	**2004**	**2003**
Employer Pension Obligation Bond Proceeds	$ -	$ 11,693,396	$ 153,134,911	$ -	$ 319,094,719
Employer Contributions	196,929,570	179,755,315	147,165,108	118,245,418	108,728,047
Employee Contributions	75,590,807	73,468,648	73,474,816	65,297,397	51,602,939
Net Investment Income	306,459,115	614,912,800	341,877,365	415,668,827	608,336,466
Security Lending Income	1,208,556	657,577	505,829	344,167 $	238,147
Total Additions	**$ 580,188,048**	**$ 880,487,736**	**$ 716,158,029**	**$ 599,555,809**	**$ 1,088,000,318**
Deductions					
Pension Benefits*	$ 235,656,024	$ 216,057,476	$ 196,106,294	$ 178,979,297	$ 163,923,104
Refunds	3,113,234	3,231,903	2,074,426	909,468	1,036,599
Retiree Healthcare Benefit Reimbursement**	-	-	-	-	-
Administrative Expense	5,941,814	4,859,287	4,896,325	4,089,459	4,292,028
Other Expenses	7,370,025	7,051,691	6,440,182	5,776,115	5,021,267
Membership Withdrawal	-	-	3,534,446	4,680,521	-
Total Deductions	**$ 252,081,097**	**$ 231,200,357**	**$ 213,051,673**	**$ 194,434,860**	**$ 174,272,998**
Final Paulson Cost Reimbursement Received		-	-		**$ 34,230,204**
Change in Plan Net Assets	**$ 328,106,951**	**$ 649,287,379**	**$ 503,106,356**	**$ 405,120,949**	**$ 947,957,524**

Additions	**2002**	**2001**	**2000**	**1999**	**1998**
Employer Pension Obligation Bond Proceeds	$ -	$ -	$ -	$ -	$ -
Employer Contributions	57,474,043	55,182,505	52,986,645	49,254,260	40,925,393
Employee Contributions	26,605,875	18,681,239	15,463,367	14,460,506	11,704,335
Net Investment Income	(268,163,039)	(114,846,451)	30,297,678	402,876,035	342,811,108
Security Lending Income	182,490	314,604	111,709	-	-
Total Additions	**$ (183,900,631)**	**$ (40,668,103)**	**$ 98,859,399**	**$ 466,590,801**	**$ 395,440,836**
Deductions					
Pension Benefits*	$ 140,096,811	$ 126,190,164	$ 113,149,480	$ 100,519,544	$ 89,859,684
Refunds	643,103	858,013	1,060,249	856,620	765,618
Retiree Healthcare Benefit Reimbursement**	4,637,588	12,342,644	12,408,770	8,625,395	11,361,045
Administrative Expense	4,268,952	3,745,158	3,128,624	2,675,125	2,590,124
Other Expenses	2,541,293	3,527,656	3,904,263	3,845,689	2,467,215
Membership Withdrawal	-	10,791,085	-	-	-
Total Deductions	**$ 152,187,747**	**$ 157,454,720**	**$ 133,651,386**	**$ 116,522,373**	**$ 107,043,686**
Final Paulson Cost Reimbursement	-	-	-	-	-
Change in Plan Net Assets	**$ (336,088,378)**	**$ (198,122,823)**	**$ (34,791,987)**	**$ 350,068,428**	**$ 288,397,150**

* The benefit amounts do not reflect the benefit payments made as a result of the Paulson settlement previously reported in the 2000, 2001 & 2002 CAFR. The total of the prior period adjustments recorded over the three-year period was $50,518,255 and resulted from the recalculation and payment of the "Paulson Benefit" (see Note 11). Payments are attributed to periods back to 1994.

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

Schedule of Benefit Expenses by Type

Annual Benefit Amounts
as of December 31, of Each Year

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Service Retirement										
Payroll:										
General	$104,163,987	$94,017,872	$83,342,598	$83,082,384	$75,541,280	$69,426,588	$57,580,704	$53,205,888	$49,150,068	$44,141,628
Safety	56,215,280	49,532,401	44,667,705	42,524,880	32,150,949	25,534,956	22,648,836	19,218,240	16,618,140	13,536,888
Total	160,379,267	143,550,273	128,010,303	125,607,264	107,692,229	94,961,544	80,229,540	72,424,128	65,768,208	57,678,516
Disability Retirement										
Payroll:										
General	11,909,848	11,608,329	11,854,576	11,718,156	10,628,529	9,561,036	8,052,996	7,478,112	6,540,395	6,132,840
Safety	21,282,969	19,867,011	18,737,169	17,850,060	13,852,780	12,770,940	10,830,432	9,925,116	8,385,012	7,184,760
Total	33,192,817	31,475,340	30,591,745	29,568,216	24,481,309	22,331,976	18,883,428	17,403,228	14,925,407	13,317,600
Beneficiary										
Payroll:										
General	14,449,348	13,850,208	13,400,362	12,794,592	10,603,910	9,825,504	7,600,296	7,078,608	6,685,716	5,977,404
Safety	8,036,044	7,230,473	6,976,887	6,586,944	5,148,537	4,982,532	3,635,004	3,151,620	2,814,048	2,421,012
Total	22,485,392	21,080,681	20,377,249	19,381,536	15,752,447	14,808,036	11,235,300	10,230,228	9,499,764	8,398,416
Total Benefit										
Expense:										
General	130,523,183	119,476,409	108,597,536	107,595,132	96,773,719	88,813,128	73,233,996	67,762,608	62,376,179	56,251,872
Safety	85,534,293	76,629,885	70,381,761	66,961,884	51,152,266	43,288,428	37,114,272	32,294,976	27,817,200	23,142,660
Total	**$216,057,476**	**$196,106,294**	**$178,979,297**	**$174,737,016**	**$147,925,985**	**$132,101,556**	**$110,348,268**	**$100,057,584**	**$90,193,379**	**$79,394,532**

Schedule of Retired Members by Type of Benefit

Summary of Monthly Allowances Being Paid as of December 31, 2006

Amount of Monthly Benefit General Members	Number of Retirees	Service	Disability	Beneficiary
$0 to $749	1,182	892	6	284
$750 to 1,499	1,247	872	108	267
$1,500 to 2,249	956	591	216	149
$2,250 to 2,999	613	431	102	80
$3,000 to 3,749	367	311	31	25
$3,750 to 4,499	229	197	12	20
$4,500 to 5,249	168	149	6	13
$5,250 & Over	388	369	5	14
Totals	**5,150**	**3,812**	**486**	**852**

Safety Members	Number of Retirees	Service	Disability	Beneficiary
$0 to $749	61	25	4	32
$750 to 1,499	68	23	2	43
$1,500 to 2,249	111	35	35	41
$2,250 to 2,999	221	54	106	61
$3,000 to 3,749	241	77	119	45
$3,750 to 4,499	135	83	33	19
$4,500 to 5,249	104	72	20	12
$5,250 & Over	555	434	108	13
Totals	**1,496**	**803**	**427**	**266**

Schedule of Average Benefit Payment Amounts

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

Years Since Retirement

Tier 1	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2006 Average Monthly Benefit	$3856	$3139	$2575	$2164	$1783	$1660	$1604	$1138	$1376
Number Retirees & Beneficiaries	617	649	584	584	607	480	223	54	14
2005 Average Monthly Benefit	$3679	$2903	$2453	$2077	$1643	$1641	$1496	$1209	$1550
Number Retirees & Beneficiaries	659	619	587	594	628	467	194	48	19
2004 Average Monthly Benefit	$3399	$2698	$2304	$1831	$1563	$1585	$1360	$1092	$ 875
Number Retirees & Beneficiaries	639	609	604	638	621	450	182	45	10
2003 Average Monthly Benefit	$3245	$2553	$2224	$1764	$1548	$1561	$1299	$1152	$ 865
Number Retirees & Beneficiaries	675	583	629	669	620	390	154	35	11
2002 Average Monthly Benefit	$2885	$2381	$2064	$1603	$1497	$1319	$1110	$ 921	$ 560
Number Retirees & Beneficiaries	546	567	671	703	632	388	154	42	10
2001 Average Monthly Benefit	$2271	$1956	$1781	$1459	$1164	$1106	$ 810	$ 823	$ 566
Number Retirees & Beneficiaries	895	817	699	675	533	269	80	15	9
2000 Average Monthly Benefit	$2076	$1727	$1530	$1211	$ 873	$ 664	$ 469	$ 428	$1053
Number Retirees & Beneficiaries	830	822	704	696	505	228	74	12	43
1999 Average Monthly Benefit	$1850	$1679	$1401	$1103	$ 843	$ 588	$ 458	$ 328	$ 319
Number Retirees & Beneficiaries	902	796	736	683	472	208	59	10	7
1998 Average Monthly Benefit	$1689	$1584	$1300	$1029	$ 776	$ 555	$ 437	$ 304	$ 412
Number Retirees & Beneficiaries	883	827	761	679	445	182	46	12	2
1997 Average Monthly Benefit	$1526	$1495	$1224	$ 944	$ 707	$ 520	$ 414	$ 350	$ 565
Number Retirees & Beneficiaries	825	840	784	683	394	157	48	15	1

Schedule of Average Benefit Payment Amounts

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

Years Since Retirement

Tier 2	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
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				
Number Retirees & Beneficiaries	120	232	155	33	12				
2004 Average Monthly Benefit	$840	$676	$948	$738	$1076	$ 768			
Number Retirees & Beneficiaries	540	122	257	128	25	8			
2003 Average Monthly Benefit	$857	$814	$887	$855	$ 778	$1009			
Number Retirees & Beneficiaries	530	155	242	109	18	6			
2002 Average Monthly Benefit	$809	$836	$829	$759	$1134				
Number Retirees & Beneficiaries	157	228	97	20	4				
2001 Average Monthly Benefit	$673	$644	$580	$480	$ 633				
Number Retirees & Beneficiaries	373	186	58	14	2				
2000 Average Monthly Benefit	$675	$571	$550	$288					
Number Retirees & Beneficiaries	316	160	32	13					
1999 Average Monthly Benefit	$654	$521	$584	$191					
Number Retirees & Beneficiaries	310	127	25	9					
1998 Average Monthly Benefit	$614	$535	$453	$216					
Number Retirees & Beneficiaries	268	107	22	6					
1997 Average Monthly Benefit	$584	$502	$416	$336					
Number Retirees & Beneficiaries	223	88	17	3					

Schedule of Average Benefit Payment Amounts

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

Years Since Retirement

Tier 3*	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
2006 Average Monthly Benefit	$1831	$1211							
Number Retirees & Beneficiaries	600	177							
2005 Average Monthly Benefit	$1667	$1170							
Number Retirees & Beneficiaries	538	97							
2004 Average Monthly Benefit	$1438	$1126							
Number Retirees & Beneficiaries	396	46							
2003 Average Monthly Benefit	$1304	$ 429							
Number Retirees & Beneficiaries	346	1							
2002 Average Monthly Benefit	$1178								
Number Retirees & Beneficiaries	230								
2001 Average Monthly Benefit	$ 490								
Number Retirees & Beneficiaries	182								
2000 Average Monthly Benefit	$ 388								
Number Retirees & Beneficiaries	92								
1999 Average Monthly Benefit	$ 397								
Number Retirees & Beneficiaries	47								
1998 Average Monthly Benefit	$ 244								
Number Retirees & Beneficiaries	4								

*Tier 3 started October 1998

Schedule of Average Benefit Payment Amounts

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

Years Since Retirement

Safety	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
2006 Average Monthly Benefit	$6475	$5143	$4442	$4039	$3451	$3771	$3379	$2508	$2135
Number Retirees & Beneficiaries	467	301	244	150	132	105	62	25	10
2005 Average Monthly Benefit	$5984	$5042	$4171	$3911	$3339	$3684	$3160	$3053	$1635
Number Retirees & Beneficiaries	455	289	243	140	115	103	61	20	9
2004 Average Monthly Benefit	$5550	$4598	$4182	$3298	$3278	$3520	$2731	$2299	$1459
Number Retirees & Beneficiaries	406	272	237	135	107	106	5	18	7
2003 Average Monthly Benefit	$5477	$4214	$4153	$3345	$3381	$3478	$2540	$2044	$1679
Number Retirees & Beneficiaries	431	241	215	133	109	100	42	17	5
2002 Average Monthly Benefit	$5117	$3837	$3982	$3086	$3200	$2688	$1998	$1525	$1287
Number Retirees & Beneficiaries	324	226	214	128	120	100	35	18	5
2001 Average Monthly Benefit	$4004	$3265	$3218	$2944	$2914	$2399	$1609	$1149	
Number Retirees & Beneficiaries	326	278	156	144	100	56	23	5	
2000 Average Monthly Benefit	$3763	$3021	$3061	$2591	$2328	$1554	$1102	$ 704	
Number Retirees & Beneficiaries	307	262	150	130	96	51	17	5	
1999 Average Monthly Benefit	$3261	$2912	$2518	$2338	$2186	$1266	$ 977	$ 751	
Number Retirees & Beneficiaries	307	260	145	123	96	41	16	3	
1998 Average Monthly Benefit	$2866	$2795	$2437	$2248	$1854	$1190	$ 737	$ 884	$ 801
Number Retirees & Beneficiaries	285	237	145	117	89	37	14	2	1
1997 Average Monthly Benefit	$2581	$2543	$2331	$2069	$1544	$1072	$ 675	$ 832	
Number Retirees & Beneficiaries	261	197	151	114	81	31	8	3	

Participating Employers and Active Members For Years 1998–2007

	2007	2006	2005	2004	2003	2002	2001	2000	1999*	1998*
County of Contra Costa:										
General Members	6,871	6,668	6,699	7,082	7,133	6,850	6,610	6,397		
Safety Members	1,023	1,025	1,027	1,089	1,104	1,606	1,517	1,496		
TOTAL:	7,894	7,693	7,726	8,171	8,237	8,456	8,127	7,893	-	-
Participating Agencies:										
Bethel Island Municipal Improvement District	3	5	4	3	3	2	2	2		
Byron, Brentwood, Knightsen Union Cemetery District	5	5	5	4	4	4	4	4		
Central Contra Costa Sanitary District	257	258	249	253	242	244	246	237		
City of Pittsburg**	-	-	-	-	-	-	-	243		
Contra Costa County Employees' Retirement Association	35	35	35	34	35	33	30	26		
Contra Costa Housing Authority	92	97	98	109	112	113	95	90		
Contra Costa Mosquito and Vector Control District	35	35	31	28	29	28	24	24		
Delta Diablo Sanitation District**	-	-	-	-	57	57	58	57		
Diablo Water District**	-	-	-	13	13	11	11	11		
Local Agency Formation Commission (LAFCO)	1	1	1	1	1	1	1	1		
Ironhouse Sanitary District**	-	-	-	28	27	24	23	22		
Rodeo Sanitary District	7	7	7	7	7	6	7	6		
In-Home Supportive Services Authority (IHSS)	16	15	12	11	12	10	6	6		
First 5 - Children & Families Commission	14	14	13	10	11	9	6	6		
Bethel Island Fire District***	-	-	-	-	-	-	-	3		
Contra Costa County Fire Protection District	344	354	361	373	367	387	366	-		
East Contra Costa Fire Protection District	52	55	55	55	55	55	55	-		
Moraga-Orinda Fire District	71	66	73	69	70	69	65	66		
Rodeo-Hercules Fire Protection District	21	21	21	21	21	21	21	22		
Superior Court****	395	370	342	-	-	-	-	-		
San Ramon Valley Fire District	179	179	172	168	169	170	170	169		
TOTAL:	1,527	1,517	1,479	1,187	1,235	1,244	1,190	995	-	-
Total Active Membership	9,421	9,210	9,205	9,358	9,472	9,700	9,317	8,888	8,798	8,415

* Detail not readily available for 1998-1999
** Districts terminated their membership with CCCERA
*** Fire District merged with others to form East Contra Costa Fire Protection District
**** Superior Courts were part of County prior to January 1, 2005

Photographic Notes

Title Page CCCERA practices an open door education policy for our members. We encourage benefit knowledge by offering counseling, printed materials and our web site. 19th century doors to learning are featured on this page, the former Vine Hill School, Liberty Union High School and Pittsburg High School Annex. Riverview Union High School *(lower photo)* was organized in 1903. In 1915, "manual training classes were so large. . . a new building was necessary. . . under the direction of Mr. Cater, manual training teacher, a new building was constructed by his pupils."

page 5: Sparkling white Tassajara School stands out against the backdrop of a dazzling winter sky. Black Walnut trees line the entrance, planted by some of the original students. This little school, built in 1888, saw 58 years of classes before being closed in 1946. After falling into disrepair, the abandoned building was nursed back to health by local fire department personnel. Every April and May, the school is the site of the Tassajara One-Room School program. Local students dress in late 19th century attire and adopt the role of period students as a wood burning stove warms the chilly air. The school sits in theTassajara Valley just east of the town of Danville.

page 17: Live Oak School in Contra Costa County's "sand country," was constructed in 1878 to accomodate "the thriving and growing village of Oakley," according to a 1917 source. The cost of the building pictured was $4,000.00.

page 51: John Swett High School in Crockett was established in 1927. The original building is unchanged, save for earthquake retrofitting, and is still in use as a high school serving the towns of Crockett, Port Costa, Rodeo and Hercules.

page 61: Iron House School, in the "tule country," was named for an unusual home sided with sheet iron that was a landmark in the 1860s. The school, in operation between 1896 and 1933, is now a private residence on the Emerson Dairy property.

page 77: Port Costa School is listed in the National Register of Historic Places. Built in 1911, it features Classical Revival style. The school closed in 1933, slowly deteriorating until 1966 when a group of community volunteers took on the task of renovating the school to its former glory.

Concept and Photography — Kevin Molander
Graphic Design — Joelle Luhn

Printing and Bindery Services — Print & Mail Services
A Division of General Services,
Contra Costa County, California