Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465 Phone
(805) 781-5697 Fax
www.SLOPensionTrust.org

San Luis Obispo County
Pension Trust
SLOCPT

AGENDA

PENSION TRUST BOARD OF TRUSTEES

Monday, June 26, 2023 9:30 AM
Board of Supervisors Chambers
County Government Center
San Luis Obispo, CA 93408

MEETING MATERIALS
Materials for the meeting may be found at
http://www.slocounty.ca.gov/Departments/Pension-Trust/Board-of-Trustees
Any supporting documentation that relates to an agenda item for open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available at this location.

AMERICANS WITH DISABILITIES ACT (Government Code §54953.2)
Disabled individuals who need special assistance to listen to and/or participate in any meeting of the Board of Trustees may request assistance by calling 805/781-5465 or sending an email to SLOCPT@co.slo.ca.us. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two days in advance of a meeting whenever possible.

IN-PERSON MEETING
This meeting of the Board of Trustees will be held as an in-person meeting at the place shown above. The meeting may be available for online viewing by accessing -

https://us06web.zoom.us/j/83009205691?pwd=aUJpUkl3aW13SmJLMEdZeXAvdTNidz09

Webinar ID: 830 0920 5691 Passcode: 049616

If you wish to listen via phone to the meeting, please dial 669/900-6833. If you have any questions or require additional service, please contact SLOCPT at 805/781-5465.

A) PUBLIC COMMENT

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

B) ORGANIZATIONAL

See below

C) CONSENT

2. Minutes of the Regular Meeting of May 22, 2023 (Approve Without Correction).

3. Reports of Deposits and Contributions for the month of May 2023 (Receive and File).

4. Reports of Service Retirements, Disability Retirements and DROP Participants for the month of May 2023 (Receive, Approve and File).

5. *Reserved*

D) APPLICATIONS FOR DISABILITY RETIREMENT

6. Application for Industrial Disability Retirement – Case 2022-11 (Recommend Approval)

7. Application for Ordinary Disability Retirement – Case 2023-02 (Recommend Approval)

8. *Reserved*

E) OLD BUSINESS

None

F) NEW BUSINESS

9. Audited Financial Statements for the period ended December 31, 2022 – Annual Comprehensive Financial Report – presentation by Lyndsey Zimmerman and Alaina Vandermade, CPAs of Brown Armstrong Accountancy (Recommend Receive, File and Direct Staff to Distribute in accordance with the Retirement Plan)

10. January 1, 2023 Actuarial Valuation and Pension Contribution Rates - Presentation by Anne Harper and Alice Alsberghe, Cheiron - Plan Actuary (Approve, Receive and File, Approve Pension Contribution Rates)

11. Employer Contributions FY23-24 Prefunding Amount (Recommend Approval)

G) INVESTMENTS

12. Monthly Investment Report for May 2023 (Receive and File)

13. *Reserved*

14. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

H) ORGANIZATIONAL

15. Executive Director Recruitment – (Review, Discuss, and Direct Staff as necessary)

I) OPERATIONS

16. Staff Reports

17. General Counsel Reports

18. Committee Reports:
    i. Audit Committee Report
    ii. Personnel Committee Report

19. Upcoming Board Topics (subject to change)
    i. July 24, 2023 – planned as a non-meeting month
        a. Personnel Committee Meeting - TBS
        b. Audit Committee – Auditor RFP - TBS

    ii. August 28, 2023
        a. Disabilities
        b. Mid-Year Financial Statements and Budget Status
        c. Financial Auditor RFP
        d. Quarterly Investment Report
        e. Fiduciary Refresher Briefing
        f. ESG Practices – Peer systems
        g. Executive Director recruitment

h. Personnel Committee meetings – TBS
i. Audit Committee – Auditor RFP - TBS

iii. September 25, 2023
a. Financial Auditor RFP
b. Executive Director Annual Evaluation
c. Executive Director Compensation
d. Funding Policy projections
e. Executive Director Recruitment – closed session (tentative)

f. Personnel Committee meeting - TBS
g. Audit Committee – Auditor RFP - TBS

iv. October, 2023 – TBS special meeting
a. Executive Director – Finalist interviews – closed session (tentative)

v. November 27, 2023
a. PEPRA Compensation Limit
b. Interest Crediting Rates – Normal and Additional
c. Financial Audit Firm – RFP results and selection
d. Executive Director Recruitment – closed session (if needed)

20. Trustee Comments

J) CLOSED SESSION

None

K) ADJOURNMENT

PENSION TRUST
BOARD OF TRUSTEES

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San Luis Obispo County
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SLOCPT

MINUTES

Monday, May 22, 2023 9:30 AM
Regular Meeting of the Pension Trust
Board of Trustees

PENSION TRUST
BOARD OF TRUSTEES

Board Members Present:	Jeff Hamm	
	Jim Hamilton	
	David Grim	
	Geoff O'Quest	
	Michelle Shoresman	
	Gere Sibbach	
Board Members Absent:	Lisa Howe	
Pension Trust Staff:	Carl Nelson	Executive Director
	Amy Burke	Deputy Director
	Jennifer Alderete	Accountant
General Counsel:	Chris Waddell (online)	Olson | Remcho
Consultants:	Scott Whalen	Verus
	Claudia Schloss	Verus
Others:	Chase Kaiserman-Phelps	student
	Teresa McCarthy-White	County HR
	Kathryn Smith	County HR
	Larry Batchelder (online)	SLOCREA
	Anthony Aiello (online)	Member
	Jennifer Clayton (online)	Member
	Anna Bastidos (online)	SLOCPT staff
	Suzette Lopez (online)	SLOCPT staff

Call to Order: 9:33 AM by President Hamm

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of March 27, 2023 (Approve Without Correction)
3. Reports of Deposits and Contributions for the months of March and April 2023 (Receive and File)
4. Reports of Service Retirements, Disability Retirements, and DROP Participants for the months of March and April 2023 (Receive, Approve and File)
5. Monthly Investment Report for March 2023 (Receive and File)
6. Resolution Modifying and Affirming Investment and Banking authority – Resolution 2023-01 (Recommend Approval)
7. *reserved*

Motion: Approve the Consent items

Discussion: None

Public Comment: None

Motion Made: Shoresman **Motion Seconded:** Grim

Carried: Unanimous

D) APPLICATIONS FOR DISABILITY RETIREMENT

8. Application for Industrial Disability Retirement – Case 2023-03

Motion: Approve Staff recommendation of approval for Industrial Disability Retirement case 2023-03.

Discussion: Deputy Director Burke presented the Staff recommendation.

Public Comment: None

Motion Made: O'Quest **Motion Seconded:** Hamm

Carried: For – Hamm, Hamilton, O'Quest, Shoresman, Sibbach
Opposed – Grim

9. Disability Application and Evaluation Process Update

Motion: None – no action recommended

Discussion: Executive Director Nelson presented information regarding the disability process.

Trustee Grim request his comments go on-the-record and included –

- That the employment-in-lieu-of-disability provisions and the periodic review provisions in the Retirement Plan were non-functional given the inability to enforce such plan measures.
- Given the increase in IDR cases in 2021-2023 Trustee Grim opined that the Board of Trustees was unfit to make disability retirement evaluations and that other options should be explored.
- Furthermore, Trustee Grim is of the opinion that recent IDR cases based on psychiatric disabilities (e.g., PTSD) seemed to "follow a formula" of what the applicant told the Independent Psychiatric Examiner and that the credibility of some recent cases was highly questionable.

General Counsel Waddell noted that the current disability procedure follows the Retirement Plan and that changes would require a Plan amendment that is under the authority of the Board of Supervisors and may trigger a collective bargaining requirement. Staff reported that for future cases it has information releases to be signed by applicants that will allow the request of full personnel records from the employer as part of the disability application process. After thorough discussion with all Trustees the Board recommended that Staff arrange to have a PTSD expert present the process of evaluating psychiatric medical records and that Staff present data regarding disabilities to the Board on an annual basis.

Public Comment: Teresa McCarthy-White, SLO County Human Resources department, commented that, effective 1/1/2020, PTSD is considered a rebuttable presumption in Worker's Comp claims from Law Enforcement Officers. She commented that this may be a factor in the increase in the number of such cases filed whether or not they actually relied on such presumptions.

No Action Necessary

10. *reserved*

E) OLD BUSINESS

None

F) NEW BUSINESS

11. Administrative Budget for Fiscal Year 2023-2024 – Approval

Motion: Approve the Staff recommendation on SLOCPT's FY23-24 Administrative Budget as presented.

Discussion: Deputy Director Burke presented the Staff recommendation on SLOCPT's administrative budget for FY23-24. Trustees asked questions and commented on the budget.

Public Comment: None

Motion Made: Grim **Motion Seconded:** Sibbach

Carried: Unanimous

11:05 AM – President Hamm called for a 10-minute break

11:17 AM – Back in session

12. *reserved*

G) INVESTMENTS

13. Quarterly Investment Report for the 1st Quarter of 2023 – Verus

Motion: Receive and File the quarterly investment report.

Discussion: Scott Whalen and Claudia Schloss of Verus delivered an extensive presentation on investment market conditions and Pension Trust investment performance during 1Q23.

Public Comment: None

Motion Made: Shoresman **Motion Seconded:** O'Quest

Carried: For – Hamm, Hamilton, Grim, O'Quest, Shoresman

Absent - Sibbach

14. Monthly Investment Report for April 2023

    Motion: Receive and file the monthly investment report.

    Discussion: Executive Director Nelson presented the report.

    Public Comment: None

    Motion Made: Shoresman **Motion Seconded**: Hamilton

    Carried: Unanimous

15. Private Markets Commitments – Additional Private Equity Commitment Deferral

    Motion: None

    Discussion: Scott Whalen of Verus presented the item.

    Public Comment: None

    No Action Necessary

16. Asset Allocation

    Discussion: Routine item included should asset allocation changes be necessary.

    Public Comment: None

    No Action Necessary

H) OPERATIONS

17. Staff Reports
    i. Deputy Director Burke reported a preview of the 1/1/2023 Actuarial Valuation results, which included a preliminary increase in contribution rates of 0.6%.
    ii. Deputy Director Burke reported on the 2023 Trustee election. There are two candidates running for the position: incumbent Michelle Shoresman, and Ashleigh Szkubiel with County Human Resources.
    iii. Deputy Director Burke reported that she and Executive Director Nelson completed their annual presentation to SLOCREA, the County Retired Employees' Association.

18. General Counsel Reports

    None

19. Committee Reports:

i.	Audit Committee	No Report
ii.	Personnel Committee	No Report

20. Upcoming Board Topics – published on meeting agenda

21. Trustee Comments

    Trustee Hamilton commented and shared insights from his attendance at the CALAPRS Advanced Principles for Trustees course in March.

J) CLOSED SESSION

12:23 PM – entered Closed Session

22. PUBLIC EMPLOYEE EMPLOYMENT. The Board convened in closed session pursuant to Gov. Code section 54957(b)(1) to discuss the recruitment of a successor Executive Director.

1:20 PM – exited Closed Session

Report - General Counsel Waddell reported that the Board had voted to hold an open recruitment for the position via a roll-call vote –

For –	Hamm, Hamilton, Grim, O'Quest, Shoresman
Opposed -	Sibbach

K) ADJOURNMENT

There being no further business, the meeting was adjourned at 1:21 PM. The next Regular Meeting was set for June 26, 2023, at 9:30 AM, in the Board of Supervisors room, County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

Carl Nelson
Executive Director

REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
MAY 2023

PP 9 **5/5/2023**

By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
County Tier 1	2,664,106.61	880,048.32	33.03%	368,920.84	226,970.82	22.37%	55.40%	2,487.50	1,365.43	**1,479,792.91**
County Tier 2	967,565.46	333,251.19	34.44%	64,548.11	81,826.80	15.13%	49.57%	-	-	**479,626.10**
County Tier 3	5,074,171.86	1,661,947.86	32.75%	693,756.89	-	13.67%	46.43%	-	1,239.15	**2,356,943.90**
Superior Court Tier 1	222,875.94	74,905.13	33.61%	48,168.59	-	21.61%	55.22%	-	-	**123,073.72**
Superior Court Tier 3	201,252.19	64,810.17	32.20%	33,304.57	-	16.55%	48.75%	-	167.85	**98,282.59**
APCD Tier 1	47,813.69	14,910.57	31.18%	7,485.07	3,827.78	23.66%	54.85%	-	-	**26,223.42**
APCD Tier 2	8,180.01	2,430.57	29.71%	(1,085.10)	2,569.56	18.15%	47.86%	-	-	**3,915.03**
APCD Tier 3	30,116.92	9,294.07	30.86%	4,288.33	-	14.24%	45.10%	-	-	**13,582.40**
SLOCPT Tier 1	8,506.26	2,648.85	31.14%	1,291.25	790.23	24.47%	55.61%	-	-	**4,730.33**
SLOCPT Tier 2	10,478.40	3,262.97	31.14%	592.03	973.45	14.94%	46.08%	-	-	**4,828.45**
SLOCPT Tier 3	14,329.29	4,601.14	32.11%	1,913.79	-	13.36%	45.47%	250.00	-	**6,764.93**
LAFCO Tier 3	8,301.69	2,668.17	32.14%	1,192.69	-	14.37%	46.51%	-	-	**3,860.86**
RTA Tier 2	29,840.00	9,414.51	31.55%	612.26	3,879.20	15.05%	46.60%	-	-	**13,905.97**
RTA Tier 3	17,353.53	5,550.33	31.98%	2,310.23	-	13.31%	45.30%	-	-	**7,860.56**
	9,304,891.85	3,069,743.85	32.99%	1,227,299.55	320,837.84	16.64%	49.63%	2,737.50	2,772.43	**$ 4,623,391.17**

PP 10 **5/19/2023**

By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
County Tier 1	2,630,069.39	869,094.28	33.04%	362,590.91	224,596.69	22.33%	55.37%	2,487.50	1,365.43	**1,460,134.81**
County Tier 2	959,769.47	330,887.26	34.48%	64,092.80	81,075.89	15.13%	49.60%	-	5,447.36	**481,503.31**
County Tier 3	5,095,950.34	1,667,514.63	32.72%	697,734.19	-	13.69%	46.41%	-	1,129.76	**2,366,378.58**
Superior Court Tier 1	223,522.45	75,114.49	33.60%	48,302.27	-	21.61%	55.21%	-	-	**123,416.76**
Superior Court Tier 3	201,625.43	64,906.36	32.19%	33,514.04	-	16.62%	48.81%	-	167.85	**98,588.25**
APCD Tier 1	47,813.68	14,910.57	31.18%	7,485.07	3,827.78	23.66%	54.85%	-	-	**26,223.42**
APCD Tier 2	8,180.00	2,537.64	31.02%	728.97	619.01	16.48%	47.50%	-	-	**3,885.62**
APCD Tier 3	29,962.46	9,246.41	30.86%	4,262.79	-	14.23%	45.09%	-	-	**13,509.20**
SLOCPT Tier 1	8,506.26	2,648.85	31.14%	1,291.25	790.23	24.47%	55.61%	-	-	**4,730.33**
SLOCPT Tier 2	10,478.40	3,262.97	31.14%	592.03	973.45	14.94%	46.08%	-	-	**4,828.45**
SLOCPT Tier 3	14,329.28	4,601.13	32.11%	1,913.78	-	13.36%	45.47%	250.00	-	**6,764.91**
LAFCO Tier 3	8,301.69	2,668.17	32.14%	1,192.69	-	14.37%	46.51%	-	-	**3,860.86**
RTA Tier 2	29,840.00	9,414.52	31.55%	612.26	3,879.20	15.05%	46.60%	-	-	**13,905.98**
RTA Tier 3	17,366.60	5,554.39	31.98%	2,311.65	-	13.31%	45.29%	-	-	**7,866.04**
	9,285,715.45	3,062,361.67	32.98%	1,226,624.70	315,762.25	16.61%	49.59%	2,737.50	8,110.40	**$ 4,615,596.52**

	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
TOTAL FOR THE MONTH	**18,590,607.30**	**6,132,105.52**	**32.98%**	**2,453,924.25**	**636,600.09**	**16.62%**	**49.61%**	**5,475.00**	**10,882.83**	**$ 9,238,987.69**
TOTAL YEAR TO DATE	**92,497,105.60**	**30,511,936.48**	**32.99%**	**12,220,244.73**	**3,212,862.79**	**16.68%**	**49.67%**	**27,176.66**	**32,786.40**	**$ 46,005,007.06**

REPORT OF RETIREMENTS	May 2023

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Ayers, Margaret J	Department of Social Services	Service Retirement	04/29/2023	5,071.66	False
Duffield, Pamela L	Public Works ISF	Service Retirement	03/31/2023	2,601.38	False
Fitzpatrick, Christopher T	Sheriff-Coroner	Service Retirement	04/29/2023	707.55	False
Jones, Leslie	SLO County Child Support Servi	Service Retirement	04/29/2023	2,434.44	False
Medzyk, Terri Lee	Planning Department	Service Retirement	04/22/2023	3,372.58	False
Nix, Tracy D	District Attorney	Service Retirement	04/30/2023	3,843.32	False
Scott, Keith E	Sheriff-Coroner	DROP	05/01/2023	10,483.90	False
Seyer, Scott D	Public Health Department	Service Retirement	04/21/2023	1,210.24	False

** Additional Annuity Benefits are calculated based on the Additional Contribution and associated Interest balance of the Retiree at the point of retirement (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)*

*** If "True" Retiree has elected an optional Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan), actual monthly allowance will be increased until age 62 and then actuarially reduced going forward*

Board of Trustees

San Luis Obispo County
Pension Trust
SLOCPT

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Date: June 26, 2023

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Jennifer Alderete – Accountant

Agenda Item 9: Audited Financial Statements and Report to the Board for the period ended December 31, 2022 – Annual Comprehensive Financial Report –Presentation by Lindsay Zimmerman, CPA of Brown Armstrong Accountancy Corporation

Recommendation:

Staff recommends that the Board take the following actions:

1. Approve, Receive and File the audited Financial Statements for the period ended December 31, 2022 that are presented here as the 2022 Annual Comprehensive Financial Report (ACFR).
2. Authorize and Direct the Executive Director to transmit the 2022 ACFR to the following agencies as required by the Government Code and the Retirement Plan:
   a.) One copy to the Office of the State Controller as required by Government Code Section 7504 (c).
   b.) One copy to the Board of Supervisors pursuant to Retirement Plan Section 17.02: Annual Statement of Financial Condition.
   c.) One copy to the County Auditor-Controller pursuant to Retirement Plan Section 17.02: Annual Statement of Financial Condition.

Discussion:

On May 24, 2023, the Audit Committee and Staff met with SLOCPT's audit firm, Brown Armstrong. Lindsey Zimmerman, CPA and Alaina Vandermade, CPA represented the firm and presented a review of the results of the Financial Audit of SLOCPT for the year 2022. Brown Armstrong indicated that an unmodified audit opinion (the highest form of audit opinion) would be issued, with no material internal control weaknesses or deficiencies. Board members will receive the Report to the Board of Trustees under separate distribution.

Results:

Approve, Receive and File, along with authorization from the Board to distribute the 2022 ACFR to the parties listed in the recommendation, will complete the activities of the 2022 Financial Audit.

Attachments:

1. Brown Armstrong 2022 Audit Results Presentation

2. Draft Annual Comprehensive Financial Report (ACFR) for year ended December 31, 2022

Respectfully Submitted,

RESULTS OF SLOCPT'S FINANCIAL STATEMENT AUDIT

for the Fiscal Year Ended December 31, 2022

BROWN ARMSTRONG ACCOUNTANCY CORPORATION
4200 Truxtun Avenue, Ste. 300, Bakersfield California, 93309
T: 661-324-4971 | F: 661-324-4997 | www.ba.cpa

Contact: Lindsey Zimmerman, CPA | lzimmerman@ba.cpa

AGENDA

SCOPE OF SERVICES

Audit of SLOCPT's financial statements 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 (GAS), issued by the Comptroller General of the United States

Other **communications and reports** required by professional standards including:

- Required Communication at the Conclusion of an Audit in Accordance with Professional Standards (SAS 114)
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters in Accordance with GAS

SUMMARY OF EXIT MEETING WITH AUDIT COMMITTEE

- Meeting was held May 24, 2023

- Items discussed:
  - Audit timeline
  - Audit areas of focus:
    - Significant risk areas
    - Significant audit areas
  - Presentation of draft reports

RESULTS OF THE AUDIT

REPORT	SUMMARY OF OPINION / REQUIRED COMMUNICATION
Report on Financial Statements (Opinion)	• Unmodified (Clean)

Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)	• New Accounting Standards Adopted – None
	• Significant Estimates and Sensitive Disclosures Reviewed
	  ◦ Fair Value of Investments and Money Weighted Rate of Return
	  ◦ Useful Lives of Capital Assets
	  ◦ Contributions and Net Pension Liability Estimates
	    ▪ Based on actuary assumptions
	• Corrected and Uncorrected Misstatements – None
	• Disagreements with Management – None
	• Other Audit Findings or Issues - None

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	• No noncompliance noted • No material weaknesses, significant deficiencies, or control deficiencies identified

THANK YOU! QUESTIONS?

LINDSEY ZIMMERMAN, CPA
Partner
+661 324 4971
lzimmerman@ba.cpa
4200 Truxtun Ave, Ste. 300
Bakersfield, CA 93309

San Luis Obispo County Pension Trust

A Pension Trust Fund of the County of San Luis Obispo,
San Luis Obispo, California

Annual Comprehensive Financial Report

For the Year Ended
December 31, 2022

Annual Comprehensive Financial Report

For the Year Ended December 31, 2022

San Luis Obispo County
Pension Trust

A Pension Trust Fund of the County of San Luis Obispo,
San Luis Obispo, California

Issued By:

Carl A. Nelson, CFA
Executive Director and Chief Investment Officer

Amy Burke
Deputy Director

Jennifer Alderete
Accountant

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www.slocounty.ca.gov/
Departments/Pension-Trust.aspx

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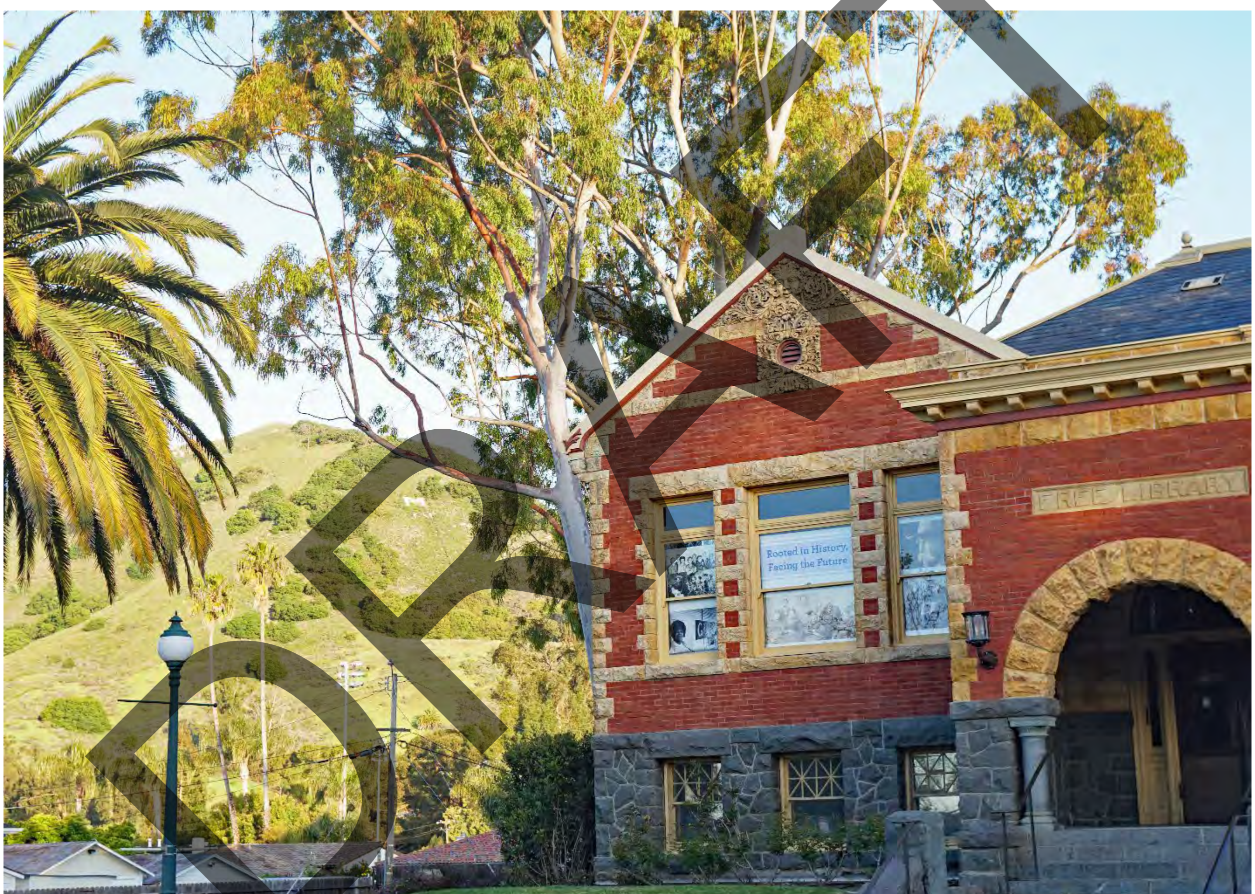
Photographs: Carl Nelson

Introductory Section



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Carl Nelson
Executive Director and
Chief Investment Officer

June 26, 2023

San Luis Obispo County Pension Trust
Board of Trustees

Dear Board of Trustees and Plan Members:

I am pleased to present this Annual Comprehensive Financial Report (ACFR) for the San Luis Obispo County Pension Trust (the Pension Trust or SLOCPT) for the year ended December 31, 2022.

The Pension Trust is a public employee retirement system established by the County of San Luis Obispo (the County) on November 1, 1958. Ten years later, the County Board of Supervisors adopted the present bylaws and the San Luis Obispo County Employees Retirement Plan (the Plan) to provide retirement benefits to employees of the County.

The Pension Trust is administered by the Board of Trustees (the Board) to provide retirement, disability, death, and survivor benefits for its members. The Pension Trust is established pursuant to Section 17 of Article XVI of the California Constitution and Government Code Sections 53215 et seq.

Responsibility for the accuracy of the data, along with the completeness and fairness of the presentation in this ACFR, rests with the Pension Trust's management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly both the Pension Trust's financial position and its operating results.

SLOCPT was established and has evolved over the years to provide retirement allowances and other benefits to the Miscellaneous, Probation, and Safety members employed by the County and various agencies (collectively the Plan Sponsor) listed below:

Superior Court of California – County of San Luis Obispo
Local Agency Formation Commission
Air Pollution Control District – County of San Luis Obispo
The Pension Trust
San Luis Obispo Regional Transit Authority

Introductory Section

The Pension Trust is governed by the California Constitution, the California Government Code, and its bylaws (including the Plan) adopted by the San Luis Obispo County Board of Supervisors. The Board of Supervisors may adopt amendments to the Plan which may alter the benefits provided to SLOCPT members.

The Board of Trustees is responsible for managing and administering the Pension Trust in accordance with the laws of the United States and California, the County Code, the bylaws, and the Plan. The Board is composed of seven Trustees. Three Trustees are appointed and serve at the pleasure of the County Board of Supervisors. The County Auditor-Controller-Treasurer-Tax Collector-Public Administrator serves as an ex-officio Trustee of the Board. The three remaining Trustees are elected by the Pension Trust's members at large for staggered three-year terms without term limits. Board of Trustees elections are administered by the County Clerk and Recorder. Newly elected or re-elected Trustees take office in July of the year they are elected.

The Board annually elects from its Trustees a President and a Vice President. The operational management of the Pension Trust lays with the Executive Director who is appointed and serves at the pleasure of the Board. The Executive Director also acts as Secretary to the Board.

Financial Information

Brown Armstrong Accountancy Corporation provides financial statement independent audit services to the Pension Trust. The independent audit states that the Pension Trust's financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP) and are free of material misstatement. In developing and maintaining the Pension Trust's accounting system, consideration is given to the adequacy of internal controls, which are designed to provide reasonable, but not absolute, assurance regarding 1) the safekeeping of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived and second, the valuation of costs and benefits requires estimates and judgments by management. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal complements the information in the MD&A and should be read in conjunction with it. The MD&A can be found on pages 20 through 24.

Actuarial Funding Status

The Pension Trust's funding objective is to meet its long-term benefit promises by targeting a well-funded status. Funded status refers to the difference between the level of actuarial accrued liability and the actuarial measurement of the Pension Trust's assets. The funded status of the Pension Trust is determined by two sources of funding:

- **Investment returns** obtained through investments with a level of risk consistent with the long-term objectives of the Pension Trust.
- **Employer appropriations** and **Member contributions** as their respective portions of the Total Actuarially Determined Contribution (ADC). The relative allocation of the Total ADC to the employer and the employee is typically the result of the collective bargaining process, or for unrepresented employees it is set by the Board of Supervisors.

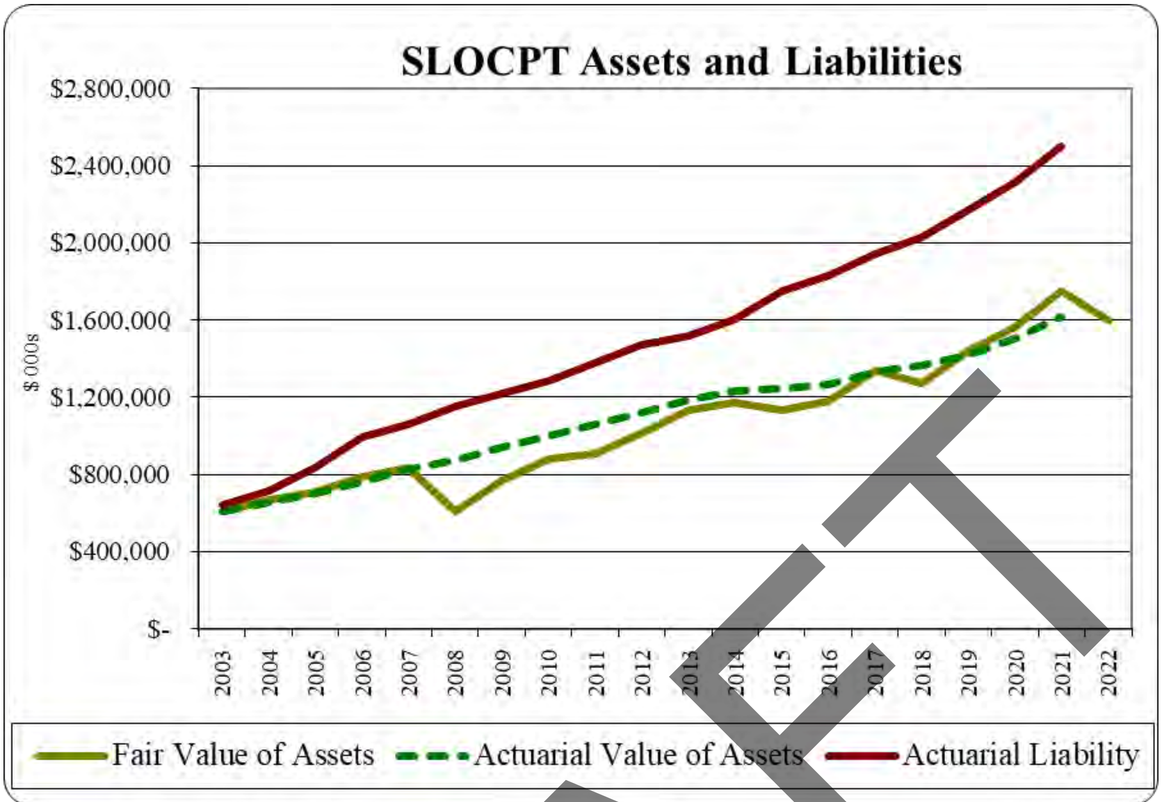
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and member contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing and magnitude of employee contribution rate changes may vary depending on when various collective bargaining agreements are implemented.

The Pension Trust engages an independent actuarial firm to perform annual valuations on the Pension Trust. Additionally, actuarial experience studies are conducted biennially. The economic and demographic assumptions that are used in each annual actuarial valuation are approved by the Board and are typically based on the results of each biennial actuarial experience study and input from the Pension Trust's advisors. Each annual actuarial valuation serves as the basis for the Total ADC in aggregate to be collected from employer appropriations and member contributions.

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2022 valuation. It is based on member data and financial results through December 31, 2021. SLOCPT's actuary, Cheiron, completed this annual valuation prior to the preparation of this ACFR. The most recent biennial actuarial experience study was completed by Cheiron as of January 1, 2022. At the time of preparation of this ACFR, the January 1, 2023 valuation was being prepared, but the results were not yet available.

Based on the most recent actuarial valuation, the actuary computes (among other things) a level of Actuarial Accrued Liability (AAL) and an Actuarial Value of Assets (AVA). The AVA is a smoothed measure of fair values of the Pension Trust's total assets that moderates yearly volatility in asset size. The difference between the AVA and the AAL (if negative) is referred to as the Unfunded Actuarial Accrued Liability (UAAL) and is a central focus of funding policy for the Retirement Plan. These actuarial measurements are discussed in more detail in the Actuarial Section of this ACFR.

Combined with the year-end Fair Value of Assets (FVA), the history of these measures is shown in the following graph on the next page:



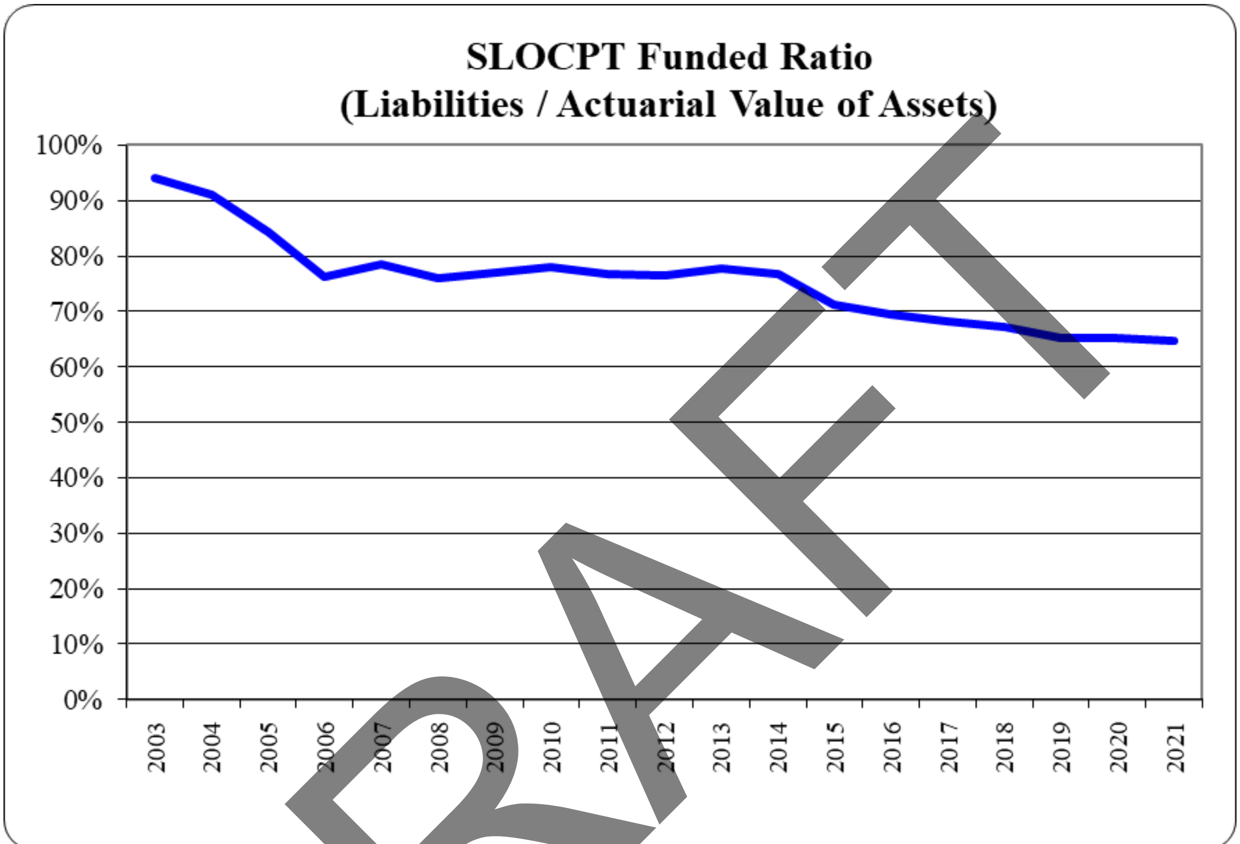
Source: Pension Trust financial records from annual actuarial valuations

Note that the measurement of Actuarial Accrued Liability is sensitive to the discount rate used. This discount rate is the expected investment return, also known as the Earnings Assumption. The Earnings Assumption used by the Pension Trust historically is shown below (by the year the Actuarial Report was adopted based on data from the prior year):

ACTUARIAL VALUATION YEAR	EARNINGS ASSUMPTION
2008 to 2012	7.750%
2013 to 2015	7.250%
2016 to 2017	7.125%
2018 to 2019	7.000%
2020	6.875%
2021 to 2022	6.750%

This reduced Earnings Assumption, combined with revised Inflation, Payroll Growth, Salary Growth, and Mortality Assumptions, Unfunded Actuarial Accrued Liability amortization methods, and numerous other actuarial gains and losses, contributed to the increase in the Actuarial Accrued Liability at year-end 2015 through 2021 which, in turn, contributed to the decline in the Funded Ratio discussed below.

The relationship of the AAL and AVA is the Funded Ratio of the Pension Trust, which decreased from 65.1% as of year-end 2020 to 64.8% as of year-end 2021. The decline in funded ratio reflected the change in Actuarial Accrued Liability discussed above, which was increased due to a lowered Earnings Assumption and significant improvements in Mortality assumptions (members living longer which increases costs). The history of the Pension Trust's funded ratio is shown in the following graph:



Source: Pension Trust financial records from annual actuarial valuations

This Letter of Transmittal complements the information in the Actuarial Section and should be read in conjunction with it. The Actuarial Section can be found on pages 70 through 94.

Investments

The Board has full authority over the investments of the Pension Trust and is responsible for the establishment of investment strategies and policies that align with the overall funding objective of the Plan. The Board may direct the investment of the Pension Trust into any form or type of investment deemed prudent in the informed opinion of the Board. Members of the Board serve in a fiduciary capacity to the Pension Trust and must discharge their duties accordingly.

The Board implements its investment function through the adoption of a written Investment Policy, the use of a professional Investment Consultant, the use of various professional investment managers, and direction to Pension Trust staff. The Pension Trust primarily uses external investment management firms to manage its portfolio. Additional information on the Pension Trust's Investment Policy and investment managers may be found in the Investment Section of this ACFR.

The Staff of the Pension Trust and the Investment Consultant (Verus) closely monitor the investment activities of the total Plan assets and report regularly to the Board. The Investment Policy adopted by the Board considers the advice and input of staff and the Investment Consultant and sets the asset allocation policy and management policies of the Board. The asset allocation policy incorporated into the Investment Policy is more fully discussed in the Investment Section of this ACFR.

For the years ended December 31, the total time-weighted rates of return gross of fees on the Pension Trust's assets as computed by the Investment Consultant are summarized below:

	2018	2019	2020	2021	2022
SLOCPT Total Returns	-3.1%	16.3%	9.6%	15.4%	-8.0%

Source: Verus reports

For cumulative periods ending December 31, 2022, the annualized time-weighted total rates of return gross of fees are as follows:

	1 year	3 years	5 years	10 years	15 years
SLOCPT Total Returns	-8.0%	5.2%	5.6%	6.7%	5.6%

Source: Verus 4th Quarter 2022 report

This Letter of Transmittal complements the information in the Investment Section and should be read in conjunction with it. The Investment Section can be found on pages 53 through 69.

Service Efforts and Accomplishments

Mission Statement

No discussion of service efforts and accomplishments would be complete without beginning with the core mission statement for the organization. The Pension Trust's mission statement is:

> *The mission of the San Luis Obispo County Pension Trust is to adequately fund and promptly pay the benefits accrued by Employees of San Luis Obispo County pursuant to the provisions of the San Luis Obispo County Employees Retirement Plan and consistent with Article 16, Section 17 of the California State Constitution.*

Furthermore, Section 53216.6 of Article 1.5 of the California Government Code provides, in part:

> "The assets of the pension trust are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system."

Also, Section 17 of Article XVI of the California Constitution, at subsection (b) states, in part:

> "The retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

Secondarily, the Board, in discharging its duty, must also act, in so far as it is prudent to do so, to minimize employer appropriations.

Honoring Public Service

The Pension Trust is continually aware that the retirement benefits promised by the Plan Sponsor and administered by the Pension Trust are an important element of compensation to the 6,738 hard-working public servants included in the Plan. The promise of lifetime retirement income as a portion of the compensation for such service is the essence of the fiduciary responsibility of the Pension Trust. The social services, health services, public infrastructure, planning, justice system, emergency services, public safety, probation, and other services provided by the public servants in San Luis Obispo County are important to the well-being of County citizens. As such, fair compensation, including pensions, for the providers of those public services is an earned right that the Pension Trust is honored to be a part of providing.

Payment of Retirement Benefits

The timely payment of retirement benefits is the core objective of the Pension Trust. We are proud that this is indeed what happens – month after month. As of December 31, 2022, the Pension Trust paid benefit allowances to 3,236 retirees, disability recipients, beneficiaries, and survivors. During 2022, $124.1 million was paid by the Pension Trust to retirees, their beneficiaries (following the death of a retiree) and to disability retirants. The retirement benefits paid by the Pension Trust are spent on goods and services (with some amount presumably also saved) by our retirees and contribute materially to the local economy of wherever they live after retiring from County service.

Investments

The Investment Section of this ACFR discusses the investment function of the Pension Trust in more detail, including its Investment Policy and asset allocation. Some of the key service efforts and accomplishments related to the Pension Trust's investments in 2021 and 2022 were:

- **Asset Allocation and Investment Policy** – a significant revision to the Pension Trust's Investment Policy based on the "Functionally Focused Portfolio" concept was completed in 2020. The Investment Policy now incorporates Liquidity, Growth and Risk Diversifying sub-portfolios. The practical implication of this change in investment policy is to more precisely plan the liquidity requirements of the fund and permit an increased allocation to higher expected return private market investments as part of the Growth sub-portfolio. During 2022, the continuation of the 2021 to 2026 phase-in of the changed asset allocation policy progressed with the annual adoption of interim 2022 asset allocation targets on the way to the long-term target policy.

- **Private Market Investments** – To implement the asset allocation changes adopted in 2020 with their significant increases to Private Equity, Private Credit and

Infrastructure, an extensive strategy revision and investment manager selection process was completed. The Pension Trust selected HarbourVest Partners to provide discretionary management of a dedicated Fund-of-One partnership. The Fund-of-One LP structure managed by HarbourVest Partners may eventually include approximately 35% of the Pension Trust's investments in a diversified portfolio of Private Equity, Private Credit and Infrastructure assets. During 2022, extensive implementation steps were taken for the HarbourVest Fund-of-One, including an increasing pace of capital calls.

- **Infrastructure Investments** – The implementation of asset allocation changes adopted in 2020 also included an inaugural allocation to Infrastructure as an asset class. A portion of the targeted allocation to Infrastructure will be implemented as part of the HarbourVest Fund-of-One discussed above. However, a 3% core allocation in Infrastructure was committed to the Brookfield Super-Core Infrastructure Partners open-end fund.

Actuarial Valuations

The Pension Trust and its Board consider the key assumptions in the annual actuarial valuation each year and generally expect to change assumptions biennially in conjunction with actuarial experience studies. The Board's stated policy is to reconsider changing any actuarial assumptions following receipt of the biennial actuarial experience studies. Logically, all actuarial assumptions should be considered together since they are interrelated in many ways. Making necessary changes to the assumptions simultaneously may minimize the impact of such changes both financially and administratively.

The latest biennial actuarial experience study was completed in 2022 and its findings were considered in the setting of assumptions for the January 1, 2022 annual actuarial valuation. As part of the 2021 actuarial valuation, further changes in assumptions were planned for 2022. The current key actuarial assumptions used in the January 1, 2022 actuarial valuation (the most recent available as of the date of this writing) were as follows:

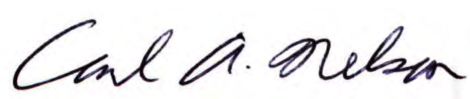
- 6.75% Earnings Assumption (net of fees)
- Administrative expenses explicitly included rather than being implicit in the Earnings Assumption (a more conservative treatment)
- 3.00% Salary Growth Assumption
- 3.00% Payroll Growth Assumption
- 2.50% Inflation Assumption
- Mortality Assumptions updated to latest available actuarial tables (Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021)

At the time of preparation of this ACFR, the January 1, 2023 actuarial experience study and actuarial valuation were being prepared but the results were not yet available.

Acknowledgements

I sincerely thank the Board for its leadership and dedication to provide a strong retirement system. The Pension Trust has an unusually experienced and highly professional Board that works together and with staff in an effective manner. I also thank the staff and advisors whose efforts make the successful operation of the Pension Trust possible. The Pension Trust is fortunate to have a small team of staff, legal counsel, and advisors with long experience with the organization and in the public pension industry. The Pension Trust staff and advisors share a strong dedication to serving our members and our Board. Regarding this ACFR, I thank Amy Burke, Deputy Director, and Jennifer Alderete, Accountant, for their prodigious efforts in producing this thirteenth annual ACFR for the Pension Trust.

Respectfully submitted,



Carl A. Nelson, CFA
Executive Director and Chief Investment Officer
San Luis Obispo County Pension Trust

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Luis Obispo County Pension Trust
California

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2022

Presented to

San Luis Obispo County Pension Trust

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

Board of Trustees

As of December 31, 2022

Jeff Hamm
President
Appointed Member

James Hamilton
Vice President
Ex-Officio Member

Gere Sibbach
Appointed Member

Lisa Howe
Appointed Member

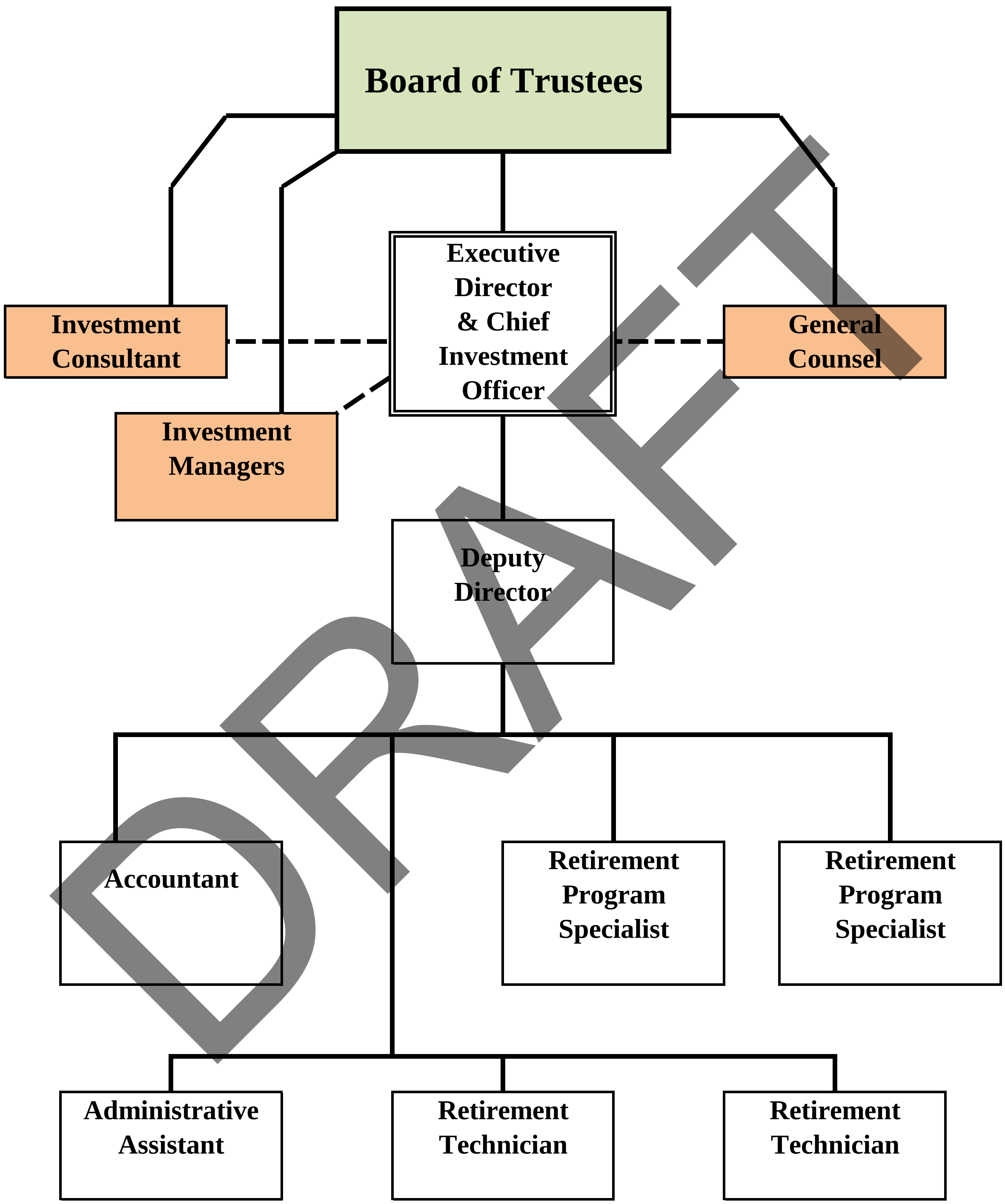
Michelle Shoresman
Elected Member
Present term expires 2023

David Grim
Elected Member
Present term expires 2024

Geoff O’Quest
Elected Member
Present term expires 2025

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2022



Additional information regarding investments can be found in the Schedule of Management Fees and Commissions, located on pages 66 and 67 in the Investment Section.

Professional Consultants
As of December 31, 2022

Actuary
Anne Harper, FSA, MAAA, EA
Cheiron

Legal Services
General Counsel
Chris Waddell
Olson Remcho LLP

Litigation
Rick Hsu
Maupin, Cox & Legoy

Plan Qualification & Fiduciary Counsel
Don Wellington
Wellington Gregory, LLP

Investment Contracts
Yuliya Oryol
Nossaman LLP

Auditor
Brown Armstrong Accountancy Corporation

Data Processing
LRS Retirement Solutions
PensionGold Pension Administration System

General Information Technology Support
County of San Luis Obispo Information Technology Department

General Investment Consultant
Scott Whalen, CFA
Verus

Investment Custodian
J.P. Morgan Chase

Investment Managers
Bonds, Notes, CMOs
Ashmore
BlackRock
Brandywine Global Investment Management
Dodge & Cox
Pacific Asset Management Bank Loan Fund
PIMCO
State Street Global Advisors

Domestic Equities
Atlanta Capital Management
Boston Partners
Loomis Sayles
PIMCO / Research Affiliates

International Equities
Dodge & Cox
WCM International

Private Equity / Private Credit
HarbourVest Partners
KKR Mezzanine Partners
Pathway Private Equity
Sixth Street Partners

Real Estate
American Realty Advisors
J.P. Morgan Investment Management

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Audit Committee
San Luis Obispo County Pension Trust
San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Statement of Fiduciary Net Position of the San Luis Obispo County Pension Trust (the Plan), a pension trust fund of the County of San Luis Obispo, as of December 31, 2022, the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2022, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

DRAFT

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the Plan; and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Plan's December 31, 2021, financial statements, and our report dated June 27, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated __________, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely 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 effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
__________, 2023

San Luis Obispo County
Pension Trust
SLOCPT

1000 Mill Street • San Luis Obispo • CA • 93408 • (805) 781-5465 P • (805) 781-5697 F • www.SLOPensionTrust.org

SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

June 26, 2023

We are pleased to provide this overview and analysis of the financial activities of the San Luis Obispo County Pension Trust (SLOCPT) for the year ended December 31, 2022. SLOCPT was established on November 1, 1958. Some ten years later, the San Luis Obispo County Board of Supervisors adopted the present Bylaws and San Luis Obispo County Employees Retirement Plan (the Plan) in order to improve the benefits to employees retiring after January 1, 1968. One of the principal objectives of the new 1968 Plan, and of subsequent amendments to that Plan, has been to provide benefits substantially comparable to those that would have been provided had the original Plan Sponsor, San Luis Obispo County (the County), elected to join the California Public Employees' Retirement System, but at a lesser cost to the County and its employees and with greater local control. SLOCPT is established pursuant to Section 17 of Article XVI of the California Constitution and Government Code Sections 53215 et seq.

The Plan, as a defined benefit pension system, provides retirement benefits that vary by the class of its members – Miscellaneous, Public Safety, or Probation employees – and within each class of membership. Members hired generally prior to 2011 receive benefits under "Tier 1" benefit formulas. Members hired in 2011-2012 generally and some subsequently hired members with reciprocal membership from other California pension systems receive benefits under "Tier 2" benefit formulas that are lower than Tier 1 benefits. Members hired in 2013 and later years generally receive benefits under "Tier 3" benefit formulas that are lower than Tier 2 benefits. The Tier 3 benefit formulas were implemented by the County to comply with the provisions of the statewide Public Employees' Pension Reform Act of 2012.

Financial Highlights

SLOCPT's Fiduciary Net Position as of December 31, 2022 was $1.594 billion. This represents a decrease of $155 million or 8.9% from the year ended December 31, 2021. The Fiduciary Net Position represents the net position (total assets minus total liabilities) that is restricted for future payment of pension benefits to members and their beneficiaries as of the date reported.

Total additions to the Fiduciary Net Position in 2022 were -$21.7 million, which includes member contributions and employer appropriations of $111.3 million and net investment losses of $133.0 million. Comparatively, in 2021, additions to the Fiduciary Net Position were $308.9 million, which included member contributions and employer appropriations of $97.9 million and net investment income of $211.0 million. A decrease of $345.2 million in realized and unrealized gains on investments was the main factor contributing to the net decrease in total additions over prior year.

For the year ended December 31, 2022, deductions from the Fiduciary Net Position totaled $133.8 million, consisting of $129.4 million in payments to Plan members and their beneficiaries and $4.4 million in administrative and other expenses. For the year ended December 31, 2021, deductions from the Fiduciary Net Position totaled $125.2 million, consisting of $121.1 million in payments to Plan members and their beneficiaries and $4.1 million in administrative and other expenses. An increase in the total number of retirees as well as the annual Cost-of-Living Adjustment (COLA) were the major causes of the increase in total Plan deductions.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment earnings. As of January 1, 2022, the date of the last actuarial valuation that was approved in June 2022, the funded ratio for the Plan was 64.8%. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 64.8 cents available for payment.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to SLOCPT's financial statements, which are comprised of these components:

1. **Statement of Fiduciary Net Position**
2. **Statement of Changes in Fiduciary Net Position**
3. **Notes to the Financial Statements**
4. **Required Supplementary Information**
5. **Supplementary Information**

The **Statement of Fiduciary Net Position** is a snapshot of major account balances as of December 31, 2022. The statement indicates the value of assets available for future payments of benefits to retirees and their beneficiaries and any current liabilities that are owed at that date. This statement includes all assets and liabilities using a full accrual basis of accounting as required for fiduciary funds in governmental accounting.

The **Statement of Changes in Fiduciary Net Position** provides a detailed view of the current year additions to and deductions from the Fiduciary Net Position. All the year's additions and deductions are included regardless of when cash is received or paid. Investment gains and losses are reported on a trade-date basis, and both realized and unrealized gains and losses on investments are disclosed in this financial statement.

These two statements report the Fiduciary Net Position Restricted for Pension Benefits (the difference between assets and liabilities), which is used to measure SLOCPT's financial position. Over time, increases and decreases in the Fiduciary Net Position are one indicator of the Plan's financial health improvement or deterioration.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements including, but not limited to, a plan description, significant accounting policies, risk disclosures, and funded status. This section provides a detailed basis for assessing the Plan's overall financial health.

The **Required Supplementary Information** shows information concerning SLOCPT's progress in funding its obligations to provide pension benefits to members and their beneficiaries.

The **Supplementary Information** includes additional schedules that present more detailed information on the administrative and investment expenses of SLOCPT as well as information regarding each employer's pension expense and allocated pension liability.

These statements are presented in conformity with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). GASB requires certain disclosures and requires local government pensions to report using the accrual method of accounting. These statements comply with all material requirements of these pronouncements.

Financial Analysis

The reserves needed to finance retirement benefits are accumulated through the collection of employer appropriations and member contributions and through earnings in the investment portfolio (net of investment expense).

The Fiduciary Net Position restricted for pension benefits as of December 31, 2022 totaled $1.594 billion, a decrease of $155 million from prior year-end. This decrease was due primarily to unrealized losses across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2022. During 2022, the rate of return on investments, as measured by SLOCPT's investment consultant, was -8.0% gross of fees.

In comparison, the Fiduciary Net Position restricted for pension benefits as of December 31, 2021 totaled $1.750 billion, an increase of $184 million from the prior year. This increase was due primarily to a steady increase in realized and unrealized income across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2021. During 2021, the rate of return on investments, as measured by SLOCPT's investment consultant, was 15.2% gross of fees.

A table comparison of selected current and prior year balances follows:

	2022	2021	Increase (Decrease)
Cash	$ 84,236,612	$ 78,934,513	$ 5,302,099
Investments at Fair Value	1,544,566,114	1,705,237,991	(160,671,877)
Securities Sold	1,067,450	64,842	1,002,608
Other Receivables and Other Assets	6,342,460	6,805,438	(462,978)
Total Assets	1,636,212,636	1,791,042,784	(154,830,148)
Total Liabilities	41,720,561	41,079,995	640,566
Net Increase (Decrease) in Fiduciary Net Position	(155,470,714)	183,636,594	(339,107,308)
Fiduciary Net Position, Beginning of Year	1,749,962,789	1,566,326,195	183,636,594
Fiduciary Net Position, End of Year	$ 1,594,492,075	$ 1,749,962,789	$ (155,470,714)

Additions to Fiduciary Net Position

There are three primary sources of funding for the payment of benefits: earnings on investments of assets, employer appropriations, and active Plan member contributions. Income sources for the year ended December 31, 2022 totaled -$21.7 million. Employer appropriations and Plan member contributions continue to increase.

Employer contribution rates are not determined by entry age as member rates are but rather by bargaining unit and Tier placement. All members in a particular bargaining unit will have the same employer contribution rate with only a very slight rate reduction for Tier 3 members. Conversely, member rates can fluctuate drastically within a particular bargaining unit depending on entry age of the member and Tier placement. Based on the January 1, 2021 valuation, a contribution rate increase of 2.31% was implemented on January 1, 2022 for the Air Pollution Control District. For the remaining Plan participants, an increase of 2.39% in aggregate was implemented on July 1, 2022 with specific rate increases depending on bargaining unit. The increase in employer appropriations and member contributions experienced in 2022 was due to this contribution rate increase as well as an increase in pensionable salaries for active members of $12.3 million or 5.69% for the year ended December 31, 2022 when compared to those earned in 2021.

A table comparison of current year and prior year changes in Fiduciary Net Position follows:

	Year Ended 2022	Year Ended 2021	Increase (Decrease)
Employer Appropriations	$ 72,095,657	$ 61,177,212	$ 10,918,445
Plan Member Contributions	39,229,067	36,699,913	2,529,154
Net Investment Income (Loss)	(133,066,304)	210,984,718	(344,051,022)
Other Income	47,067	22,153	24,914
Total Additions	$ (21,694,513)	$ 308,883,996	$ (330,578,509)
Total Deductions	133,776,201	125,247,402	8,528,799
Net Change in Fiduciary Net Position	$ (155,470,714)	$ 183,636,594	$ (339,107,308)

Deductions from Fiduciary Net Position

The Plan was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes benefit payments, as designated by the Plan, refund of contributions to terminated employees, and the cost of administering the Plan. A steady increase in benefit payments can be expected as retired member participant counts increase and the annual COLA is applied.

In March 2014, an agreement to accept a prefunded or advance payment of employer appropriations was established between SLOCPT's Board of Trustees and the County Board of Supervisors. The agreement allowed two of SLOCPT's employers to prepay their actuarially determined Employer appropriations in July 2014 for fiscal year ended June 30, 2015. Per the terms of this agreement, the SLOCPT Board of Trustees is required to give 60 days' notice to the employers prior to the completion date of the current agreement in order to discontinue the arrangement to accept prefunded appropriations in the subsequent year. In years 2015 through 2022, a prefunding agreement for each respective subsequent fiscal year ending June 30 was established. The associated discount given for prepayment of these receivables is amortized over the time frame used to calculate the prefunded amount (in all cases, one year).

Below is a comparison of current and prior year deductions from the Plan:

	Year Ended 2022	Year Ended 2021	Increase
Monthly Benefit Payments	$ 124,133,519	$ 117,368,651	$ 6,764,868
Refund of Contributions	3,401,763	3,314,923	86,840
Death Benefits	1,858,601	441,485	1,417,116
Administration and Actuarial	2,897,178	2,797,340	99,838
Prefunded Discount Amortization	1,485,140	1,325,003	160,137
Total Deductions	$ 133,776,201	$ 125,247,402	$ 8,528,799

The Plan as a Whole

Management believes that SLOCPT is in reasonably sound financial position to meet its obligations to the Plan members and their beneficiaries. The current financial position results from a diversified investment program that prudently balances expected risk and return, and an effective system of cost control and strategic planning.

Requests for Information

This financial report is designed to provide the Board of Trustees, our membership, taxpayers, and investment managers with a general overview of SLOCPT's finances and to demonstrate the accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Respectfully submitted,

Carl A. Nelson

Carl A. Nelson, CFA
Executive Director and Chief Investment Officer

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS)

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 84,236,612	$ 78,934,513
Receivables		
Accrued Interest and Dividends Receivable	525,202	508,739
Accounts Receivable	18,984	14,251
Securities Sold	1,067,450	64,842
Total Receivables	1,611,636	587,832
Investments, at Fair Value		
Bonds and Notes	303,368,855	351,525,607
International Fixed Income	96,483,699	131,649,929
Collateralized Mortgage Obligations	2,829,116	9,336,523
Domestic Equities	322,031,996	422,870,210
International Equities	253,223,272	325,042,658
Alternative Investments	313,798,079	244,171,272
Real Estate	252,831,097	220,641,792
Total Investments	1,544,566,114	1,705,237,991
Other Assets		
Prepaid Expenses	178,190	160,999
Capital Assets - Net of Accumulated Depreciation and Amortization	5,620,084	6,121,449
Total Other Assets	5,798,274	6,282,448
Total Assets	$ 1,636,212,636	$ 1,791,042,784
LIABILITIES		
Securities Purchased	$ 2,699,549	$ 5,579,956
Accrued Liabilities	1,282,779	1,325,249
Prefunded Contributions	37,738,233	34,174,790
Total Liabilities	$ 41,720,561	$ 41,079,995
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	**$1,594,492,075**	**$1,749,962,789**

The accompanying notes are an integral part of these financial statements.

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS)

	2022	2021
ADDITIONS		
Contributions		
Employer Appropriations	$ 72,095,657	$ 61,177,212
Plan Member Contributions	39,229,067	36,699,913
Total Contributions	111,324,724	97,877,125
Investment Income (Loss)		
Realized and Unrealized Gains and Losses, Net	(138,985,835)	206,236,189
Interest	2,674,764	2,827,151
Dividends	6,814,654	5,895,188
Investment Expenses	(3,569,887)	(3,973,810)
Net Investment Income (Loss)	(133,066,304)	210,984,718
Other Income	47,067	22,153
Total Additions	(21,694,513)	308,883,996
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	124,133,519	117,368,651
Refund of Contributions	3,401,763	3,314,923
Death Benefits	1,858,601	441,485
Total Benefits	129,393,883	121,125,059
Other Deductions		
Administration and Actuarial	2,897,178	2,797,340
Prefunded Discount Amortization	1,485,140	1,325,003
Total Other Deductions	4,382,318	4,122,343
Total Deductions	133,776,201	125,247,402
Net Increase (Decrease) in Fiduciary Net Position	$ (155,470,714)	$ 183,636,594
Fiduciary Net Position Restricted for Pension Benefits - Beginning of Year	$ 1,749,962,789	$ 1,566,326,195
Fiduciary Net Position Restricted for Pension Benefits - End of Year	**$ 1,594,492,075**	**$ 1,749,962,789**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the San Luis Obispo County Pension Trust (SLOCPT) are prepared on the accrual basis of accounting. All assets are invested and held pursuant to, and in accordance with, the Investment Policy of the San Luis Obispo County Employees Retirement Plan (the Plan). Member contributions and employer appropriations are recognized as revenues in the period in which they are due pursuant to formal commitments and statutory or contractual requirements. Investment income is recognized as revenue when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation (depreciation) in fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments at year-end.

Cash and Cash Equivalents

Cash and cash equivalents include deposits and short-term investments held in SLOCPT's operating bank accounts and custodian bank. Short-term investments include cash held in short-term investment funds and other highly liquid investments. Short-term investments considered cash are recorded at cost, which approximates fair value.

Securities

Securities include bonds and notes, international fixed income, collateralized mortgage obligations, and domestic and international equities. These are stated at fair value based upon closing sales prices reported on recognized securities exchanged on the last business day of the period or, for listed securities having no sales reported and for unlisted securities, based on last reported bid prices. All purchases and sales of securities are accounted for on a trade-date basis, and dividends declared but not received are accrued on the ex-dividend date. Realized gains or losses of securities are determined on the basis of average cost. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period may include unrealized amounts from prior periods.

Alternative Investments

Alternative investments are valued at estimated fair values as determined by the investment manager.

Real Estate

The Plan's two real estate investments are in the form of real estate commingled funds.

Asset Allocation Policy and Long-Term Expected Rate of Return

The allocation of investment assets is reviewed and approved annually by the Board of Trustees (the Board) as outlined in the Investment Policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided to SLOCPT's members and their beneficiaries.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

In March 2021, the Board approved an amendment to the Investment Policy Statement (IPS) which is based on a Functionally Focused Portfolio asset allocation methodology. The approved IPS includes a recommended Strategic Asset Allocation (SAA) policy, which is divided into three elements: Liquidity – to fund near term net benefit payments, Growth – for long-term investment return without liquidity constraints, and Risk-Diversifying – for stability during market disruptions. The transition from a traditional asset mix to the adopted SAA is scheduled to be completed within the next four years. Additional information regarding the SAA is available in the Investment Section of this annual report.

The following table displays the Board-approved strategic asset allocation policy as of March 22, 2021 and the current long-term expected real rates of return:

Asset Allocation	Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Liquidity	Cash Equivalents/Short Duration Govt	10%	1.10%
Growth	Equities - Public Market	30%	4.88%
Growth	Real Assets	15%	4.63%
Growth	Private Markets	30%	6.30%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	1.44%
		100%	

The long-term expected real rate of return is determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

<u>Prefunded Contributions</u>

In June 2022, for the ninth consecutive year, the Board entered into an agreement with the San Luis Obispo County (the County) Board of Supervisors to accept advanced payment of the employer appropriations and employer portions of member contributions for the County and the San Luis Obispo County Air Pollution Control District (APCD). The advance payment amount is determined and calculated by the Plan's Actuary pursuant to the provisions of the Plan Section 16.05(c) and as instructed by the Board. The discount rate used by the Actuary was 4.25%, based on the assumed real rate of return in effect as of the date of the approval of the agreement.

As actual payroll (and hence required contributions) differs from the estimate in the agreement, a "true-up" process to determine any shortfalls or overages at the County's and APCD's fiscal year-end on June 30 is performed. Shortfalls are collected within five business days while overages will be used as credits to offset the next year's contributions.

<u>Administrative Expenses</u>

Administrative expenses represent actuarial and professional fees, salaries of the Plan's administrative personnel, insurance, occupancy costs, and services purchased from the County and other vendors and are paid from the assets of the Plan. Administrative expenses paid from the assets of the Plan are financed from both investment earnings and contributions.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

<u>Income Taxes</u>

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is therefore not subject to tax under income tax laws in effect at the time of its ruling. Accordingly, no provision for income taxes has been made in the accompanying financial statements, as the Plan is exempt from federal and state income taxes.

<u>Management's Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

<u>Concentrations of Market and Credit Risk</u>

The Plan's exposure to credit loss in the event of nonperformance of its investments is limited to the carrying value of such instruments. The Plan's concentrations of credit risk and market risk are dictated by the Plan's Investment Policy. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in risks in the near-term could materially affect the amounts reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

NOTE 2 – <u>PLAN DESCRIPTION</u>

<u>General</u>

The Plan is a multiple-employer cost sharing contributory defined benefit pension plan consisting of six participating employers. Permanent employees of the County, the San Luis Obispo County Superior Court (the Court), APCD, the San Luis Obispo County Local Agency Formation Commission (LAFCO), and SLOCPT as well as Management, Administrative, and Confidential employees of the San Luis Obispo Regional Transit Authority (RTA) are required to participate in the Plan. The Plan is a pension trust fund of the County and is reported as a fiduciary fund in the financial reports of the County. The Plan exists, operates, and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

Pursuant to the foregoing Government Code provisions, the County Board of Supervisors established SLOCPT by the adoption of Chapter 2.56 of the San Luis Obispo County Code. Following the adoption of Chapter 2.56 of the County Code, the County Board of Supervisors adopted the Bylaws of the Plan.

The Plan is part of those Bylaws. The County Board of Supervisors has the sole authority to amend the Plan's provisions. Under terms of the Plan, governance of the Plan is assigned to the seven-member Board that consists of three members elected by Plan participants, three members appointed by the County's Board of Supervisors, and the County's current Auditor-Controller-Treasurer-Tax Collector-Public Administrator as the Ex-Officio member.

NOTE 2 – PLAN DESCRIPTION (continued)

Membership

Active members are required to contribute to the Plan at rates currently ranging from 5.14% to 35.13% of includable compensation as defined in the Plan, depending upon the collective bargaining agreement under which the member is covered and their age of entry. Employers are required to contribute to the Plan at rates currently ranging from 29.34% to 51.22% of each employee's includable compensation as defined in the Plan, depending upon the collective bargaining agreement under which the employee is covered. The schedules of rates and contributions utilized are those adopted by the County Board of Supervisors based upon recommendation of SLOCPT's Board. The Board bases its recommendation on the annual Actuarial Valuation Report. The employers' appropriations and members' contributions are designed to annually fund the Plan's Actuarially Determined Contribution. Such contributions are currently invested in corporate notes, bonds, collateralized mortgage obligations, equities, futures, real estate investment funds, equity real estate holdings, alternative investments, and short-term cash investments. Contributions are credited interest as approved by the Board and accumulated for each individual active member until the member terminates employment. The rate of interest credited in 2022 was 5.75%.

At the time of employment termination, a member may choose to cash out the employee portion of their individual accrued balance, retire with a lifetime monthly benefit (depending on eligibility), or keep the money on deposit with SLOCPT until retirement eligibility is attained (depending on the member's vested status). A member becomes vested once they have accrued five Pension Trust Service Credits (PTSCs). PTSCs are accumulated with every "normal" hour worked for a participating employer. Normal hours include sick and vacation time but exclude overtime. A member will not receive credit for more than 80 hours during a two-week pay cycle.

Total members of the Plan were comprised of the following as of December 31, 2022:

	2022
Retirees and Beneficiaries Currently Receiving Benefits	3,236
Terminated Employees Entitled to but not yet Receiving Benefits	672
Active Plan Participants	
Vested	1,710
Nonvested	1,120
Total	6,738

The Plan has three tiers which cover members classified as Miscellaneous, Safety, and Probation. In general, members hired prior to January 1, 2011 are in Tier 1, members hired January 1, 2011 through December 31, 2012 are in Tier 2, and members hired on or after January 1, 2013 are in Tier 3. It is important to note that not all employers and/or collective bargaining units adopted Tier 2 provisions so there are some instances where a Tier 2 Classification is absent for a particular employee group.

Benefits

The applicable retirement formula, minimum retirement age, compensation base, post-retirement cost-of-living adjustment (COLA), COLA carryover, and final compensation maximum may differ depending upon the Plan provisions in effect at the member's date of hire, the member's classification, and the member's collective bargaining unit. The Plan permits retirement for members with five or more PTSCs

NOTE 2 – PLAN DESCRIPTION (continued)

starting at age 50, based on Tier and Classification.

A member's retirement formula is based on the following three components: 1) retirement age factor, 2) total accumulated PTSCs, and 3) final compensation. The retirement age factor is determined by the member's age at retirement, member class, Tier, and collective bargaining unit; these range anywhere from 1.000% to 3.165%. Final compensation is the highest one-year average for Tier 1 employees and may include a compensation pickup for various management bargaining units. Tier 2 and Tier 3 members' final compensation is based on the highest three-year average with no pickup. Members receive their accumulated benefits as a life annuity payable monthly upon retirement.

The Plan provides for an annual post-retirement COLA based on changes in the Consumer Price Index. The COLA is limited to a maximum 3% per year for Tier 1 members and 2% per year for Tier 2 and Tier 3 members. There is no minimum COLA requirement. The Board must approve the COLA annually.

In the event of total and permanent disability, upon satisfaction of membership requirements and other applicable provisions of the Plan, members may receive a disability allowance. Disability benefits are granted by the Board based upon medical evidence. There are two types of disability allowances available within the Plan: Ordinary Disability and Industrial Disability. Industrial Disability is granted only if the cause of the disability is determined to be incurred during on-the-job duties and is limited to Safety and Probation members.

Some Tier 1 members are eligible to participate in a Deferred Retirement Option Plan (DROP). This option allows members to effectively retire from the Plan but remain an active employee with their current employer. When a member elects to enter DROP, their monthly benefit is calculated using the same formulas as if they had elected to retire. However, their monthly payment is directed to and accumulated in an investment account held for that individual by a third party. The member is restricted from accessing these funds until they officially elect to retire from employment. If elected, the member must participate a minimum of six months and is required to enter official retirement by the end of five years from the date of entrance into DROP.

The Plan also provides death benefits for both active employees and retired members. The death benefit calculation is determined by the status of the member at the time of the member's passing, retirement option selection if applicable, and the status of eligible beneficiaries.

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 the investment of the assets of the Plan 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 adopted an Investment Policy, which establishes specific asset allocation parameters that govern the compositional mix of cash, fixed income and equity securities, alternative investments, and real estate investments. The Plan currently employs an external investment consultant and external investment managers to manage its assets subject to the guidelines of the Investment Policy.

NOTE 3 – <u>DEPOSITS AND INVESTMENT RISK DISCLOSURES</u> (continued)

<u>Investment Risk</u>

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

Interest Rate Risk
The fair value of fixed income 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 income investments may have call provisions that could result in shorter maturity periods.

The Plan's Investment Policy controls interest rate risk in general through its approved asset allocation to fixed income investments and investment guidelines approved for each investment manager. Although the policy does not formally specify maturity limitations, interest rate risk for any given fixed income portfolio is controlled by investment guidelines particular to each portfolio or investment manager that do specify permissible minimum and maximum maturities relative to the relevant fixed income market index benchmark.

The following schedule is a list of fixed income, bonds, collateralized mortgage obligations, and short-term investments and the related maturity schedule for the Plan as of December 31, 2022:

	Investment Maturities (in years)				
Investment Type	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Fair Value
Collateralized Mortgage Obligations	$ 5,968,549	$ 47,335	$ 758,637	$ 2,272,218	$ 9,046,739
Corporate Bonds and Notes	952,744	49,765,727	38,719,532	15,380,201	104,818,204
Derivatives	1,157,600	-	-	-	1,157,600
Municipal Bonds	2	8,207	7,369	1,337,384	1,352,962
US Government & Agencies	65,267,064	28,351,386	16,207,993	42,105,909	151,932,352
Foreign Corporate Bonds	6,005,198	7,569,164	3,789,502	7,430,952	24,794,816
Foreign Government Bonds	3,360,894	15,899,083	17,307,509	33,197,901	69,765,387
Other Short-Term Investments	6,583,554	33,230,056	-	-	39,813,610
Total	$ 89,295,605	$ 134,870,958	$ 76,790,542	$ 101,724,565	$ 402,681,670

Custody Credit Risk
Custody credit risk for deposits is the risk that, in the event of a financial institution's failure, the Plan would not be able to recover its deposits. Deposits are exposed to custody credit risk if they are not insured or not collateralized. Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The fair 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 the Plan's name.

At December 31, 2022, the carrying amount of the Plan's cash deposits including cash equivalents was $84.237 million and the bank balance was $79.836 million. The difference between the bank balance and the carrying amount represents cash and cash equivalents held in transition by the Investment Custodian and various investment managers. Of the bank balance, $552 thousand was covered by the Federal Deposit Insurance Corporation, and $62.149 million was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code. The Plan's policy is to confirm the existence and allocation of the bank's collateral with the State of California Local Agency Commission not less than annually, and to confirm the existence of insurance in the Plan's name.

Custody credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan 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 custody credit risk if the securities are uninsured, not registered in the Plan's name, and held by the counterparty. The Plan's investment securities are not exposed to custody credit risk because all securities held by the Plan's custody bank are in the Plan's name.

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 the Fiduciary Net Position.

Credit Risk
The Plan's general investment policy is to apply the prudent person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions, and defraying reasonable expenses of administering the Plan. Investments should be diversified 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.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

The following is a schedule of the credit risk ratings comparison of the Plan's fixed income, bonds, collateralized mortgage obligations, and short-term investments as of December 31, 2022, as rated by Standard & Poor's (S&P) equivalent ratings:

	2022	
Quality Rating	%	Fair Value
AAA	34.53%	$ 139,050,703
AA+	6.69%	26,928,686
AA	4.48%	18,060,182
AA-	0.42%	1,674,323
A+	0.17%	681,868
A	4.80%	19,322,298
A-	0.47%	1,872,646
BBB+	3.97%	15,975,349
BBB	5.86%	23,609,296
BBB-	1.41%	5,691,274
Subtotal Investment Grade	62.80%	252,866,625
BB+	1.16%	$ 4,665,225
BB	1.54%	6,185,740
BB-	2.29%	9,209,782
B+	1.83%	7,373,894
B	3.75%	15,101,507
B-	8.25%	33,234,123
CCC+	1.47%	5,900,070
CCC	1.09%	4,401,102
CCC-	0.18%	725,611
CC	0.07%	262,903
D	0.07%	294,451
Not Rated	15.50%	62,460,637
Subtotal Non-Investment Grade	37.20%	149,815,045
Total Fixed Income and Short-Term Investments	100.00%	$ 402,681,670

Nationally recognized statistical rating organizations provide quality ratings of debt securities based on a variety of factors. For example, the financial condition of the issuer provides investors with some idea of the issuer's ability to meet its obligations. Fixed-maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and are often referred to as "high-yield". This reference is made because lower-rated debt securities generally carry a higher interest rate to compensate the buyer for incurring additional risk. Not Rated debt securities include cash, derivatives, and those holdings that do not have S&P ratings.

Foreign Currency Risk
Foreign currency risk is the risk that occurs when changes in exchange rates may adversely affect the fair value of an investment. The Plan's external investment managers may invest in international securities and must follow the Plan's Investment Policy pertaining to these types of investments. The Plan's policy on foreign currency risk is specified in its Investment Policy and does not place specific limitations on currency exposure. The Plan's Investment Policy controls currency exposure risk in general through its approved asset allocation to international investments that may be valued in various foreign currencies.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

The Plan's exposure to foreign currency risk in U.S. Dollars as of December 31, 2022 was as follows:

Currency	Fair Value
Euro Currency	$ 67,907,474
Japanese Yen	34,944,181
British Pound	32,142,654
Swiss Franc	29,955,590
Indian Rupee	8,383,489
Swedish Krona	7,480,530
Hong Kong Dollar	7,102,890
Danish Krone	6,872,527
Brazilian Real	6,659,356
South Korean Won	6,020,605
Polish Zloty	4,695,435
Mexican Peso	4,610,078
Thai Baht	3,989,530
Australian Dollar	3,716,701
Norwegian Krone	2,992,704
Canadian Dollar	2,428,611
Chilean Peso	2,309,642
South African Rand	2,137,168
Malaysian Ringgit	2,081,880
Indonesian Rupiah	1,908,673
Czech Koruna	1,539,931
Chinese Yuan	1,530,093
Singapore Dollar	1,069,028
Taiwan Dollar	946,449
Hungarian Forint	841,288
Romanian Leu	741,385
Colombian Peso	636,224
Peruvian Nuevo Sol	436,418
Uruguayan Peso	415,386
Philippine Peso	273,419
Egyptian Pound	199,806
Israeli Sheqel	189,290
Turkish Lira	105,161
New Zealand Dollar	82,645
Dominican Peso	47,322
Total	$ 247,393,563

NOTE 4 – INVESTMENTS

Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*", addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels of inputs and gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are based on quoted prices for identical assets or liabilities in an active market. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment if available. This classification includes public equities with observable market prices.

Level 2: Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment speeds, and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, and fair values are determined through the use of models or other valuation methodologies. For investments in funds where there is an ability to redeem such investments at the Net Asset Value (NAV) per share (or its equivalent) at the measurement date or in the near term, and investments for which quoted prices are available for similar assets or liabilities in markets that are not active, the fair value of the investment is generally categorized as Level 2.

Level 3: Inputs that are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. The determination of fair value using these inputs requires significant management judgment and estimation. Due to the inherent uncertainty of these estimates, the values may differ significantly from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include public entities and other fixed income securities where there is an inability to redeem such investments at the NAV per share (or its equivalent) at the measurement date or in the near term.

Equity and derivative securities classified as Level 1 are valued using prices quoted in active markets for those securities. Equity and debt securities classified in Level 2 and Level 3 use a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, observable market-based inputs and unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes). Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Real Estate funds classified as Level 3 are based on periodic appraisals in accordance with industry practice. Investment derivative instruments categorized as Level 2 and Level 3 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

NOTE 4 – INVESTMENTS (continued)

The following table shows the fair value leveling of SLOCPT's investments as of December 31, 2022:

	Fair Value Measurements			
Investment Type	Quoted Prices in Active Markets for Identical Assets Level 1	Quoted Prices for Similar Assets in Inactive Markets Level 2	Significant Unobservable Inputs Level 3	Total
Bonds and Notes	$ 186,409,626	$ 116,959,229	$ -	$ 303,368,855
International Fixed Income	-	55,035,441	-	55,035,441
Collateralized Mortgage Obligations	-	2,829,116	-	2,829,116
Domestic Equities	72,519,056	249,512,940	-	322,031,996
International Equities	136,865,932	116,357,340	-	253,223,272
Real Estate	-	-	168,047,357	168,047,357
Total	$ 395,794,614	$ 540,694,066	$ 168,047,357	$ 1,104,536,037

Investments in Entities that Calculate Net Asset Value Per Share

Investments that are measured at fair value using the NAV (or its equivalent) per share as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SLOCPT's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The fair value measurement of investments in commingled global fixed income, commingled real estate, real estate held for investment, alternatives, and commodities are valued based on the investment's net asset value (NAV) per share (or its equivalent) reported by the investment manager, which is generally calculated based on the last reported sale price of the underlying assets held by such funds, including those structured as limited partnerships.

NOTE 4 – INVESTMENTS (continued)

The following table shows the fair value measurement of those investments measured at NAV as of December 31, 2022:

	Investments Measured at Net Asset Value (NAV)			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fund	$ 41,448,258	$ -	Quarterly	30 days
Private Real Estate Fund	84,783,740	-	Quarterly	30 days
Private Equity Funds	130,296,982	31,422,449	Not Eligible	Not Eligible
Private Credit Funds	118,872,671	69,776,189	Not Eligible	Not Eligible
Private Markets/Infrastructure	64,628,426	144,329,904	Not Eligible	Not Eligible
Total	$ 440,030,077	$ 245,528,542		

Commingled Fund
This investment type consists of investments primarily in equity, debt, or real estate investments. As of December 31, 2022, there was one commingled fund; this fund invests in debt investments and contains foreign bonds.

Private Real Estate Fund
This investment type consists of real estate properties, unconsolidated joint ventures, non-guaranteed mortgage-backed certificates, and loans receivable. As of December 31, 2022, SLOCPT's investment in private real estate consisted of one partnership investment.

Private Equity Funds
This investment type consists of corporate finance/buyouts, venture capital, coinvestments, and secondary funds and is globally diversified. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

Private Credit Funds
This investment type consists of private market direct corporate lending, leveraged loans, and asset-backed debt investments and is globally diversified. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

Private Markets/Infrastructure
In 2022, SLOCPT began investing as the sole limited partner in a private markets/infrastructure fund with HarvourVest Partners. This fund includes investments as described above in the Private Equity Funds and Private Credit Funds sections as well as an allocation toward infrastructure. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income. The commitments made to this asset class include $30 million to the Brookfield Super-Core Infrastructure Partners fund which, as of the date these financial statements were available to be issued, had not yet been opened.

NOTE 4 – INVESTMENTS (continued)

Derivatives

The Board has authorized certain investment managers to invest in, or otherwise enter into, transactions involving derivative financial instruments when, in the judgment of management, such transactions are consistent with the investment objectives established for a specific investment manager's assignment.

A professional investment consultant is employed to monitor and review each investment manager's securities and derivative position as well as the manager's performance relative to established benchmark rates of return and risk measures. In management's opinion, derivative activities must be evaluated within the context of the overall portfolio performance and cannot be evaluated in isolation. Investment derivatives involve the following types of risks:

Derivatives Market Risk
Market risk is the risk of change in value of an instrument in response to changes in a market price or index. While all investments are subject to market risk, derivatives often have a higher degree of market risk than other types of investment instruments. Values of cash securities containing derivative features are often more susceptible to market risk than other types of fixed income securities because the amounts and/or timing of their scheduled cash flows may fluctuate under changing market conditions, according to their contractual terms. For other types of derivatives, amounts of contractual cash flows may be either positive or negative depending upon prevailing market conditions relative to the reference prices or rates; therefore, the values of such instruments may be positive or negative, despite the fact that little or no cash is initially exchanged to enter into such contracts.

Derivatives Credit Risk
Credit risk of cash securities containing derivative features is based upon the creditworthiness of the issuers of such securities. The Plan establishes minimum credit requirements for such securities. Exchange-traded derivatives are generally considered to be of lower credit risk than over-the-counter derivatives due to the exchange's margin requirements.

Derivative financial instruments held by the Plan from time to time consist of the following:

Forward Contracts: A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date.

Futures Contracts: A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset, at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

Option Contracts: An option contract is a type of derivative security in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

Swap Agreements: A swap is an agreement between two or more parties to exchange a sequence of cash flows over a future period. No principal is exchanged at the beginning of the swap. The cash flows exchanged by the counterparties are tied to a "notional" amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

NOTE 4 – INVESTMENTS (continued)

TBAs (To Be Announced): A TBA is an agreement to purchase mortgage-backed securities at a regular settlement date in the coming months. TBAs can settle up to three months forward but are generally traded one month forward. In a TBA transaction, the specific mortgage pools that will be delivered to fulfill the forward contract are unknown at the time of the trade.

The Investment Derivatives schedule below reports the fair value balances and notional amounts of derivatives outstanding as of December 31, 2022:

Derivative Type	Notional Amount	Fair Value
Forward Contracts	$ 113	$ 113
Swap Agreements	(5,983,666)	8,519
TBAs	1,614,561	1,614,561
	$ (4,368,992)	$ 1,623,193

Note: Value does not include offsetting liability or asset associated with the position(s).

All investment derivative positions are included in investments at fair value in the Statement of Fiduciary Net Position. All changes in fair value are reported in the Net Realized and Unrealized Gains and Losses of investments in the Statement of Changes in Fiduciary Net Position.

Commitments

The Plan participates in certain investments that require commitments of a specified amount of capital upfront that is then drawn down at a later time as the investment vehicle requires. The total unfunded capital commitment represents the amount of funds that the Plan could potentially be required to contribute at a future date. As of December 31, 2022, the Plan had unfunded capital commitments totaling $215.529 million.

Annual Money-Weighted Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -7.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 – CAPITAL ASSETS

Depreciation and amortization of capital assets are computed by the straight-line method based on the cost of the capital assets over the estimated useful lives of the capital assets, which range from 5 to 40 years. Capital assets are recorded at historical costs.

NOTE 5 – CAPITAL ASSETS (continued)

Changes in capital assets during the year ending December 31, 2022 were as follows:

	Beginning Balance January 1, 2022	Additions	Deletions	Ending Balance December 31, 2022
Office Equipment	$ 48,232	$ -	$ (2,217)	$ 46,015
Software	6,116,621	-	-	6,116,621
Land	668,150	-	-	668,150
Building	925,136	134,439	-	1,059,575
Accumulated Depreciation and Amortization	(1,636,690)	(635,804)	2,217	(2,270,277)
	$ 6,121,449	$ (501,365)	$ -	$ 5,620,084

Depreciation and amortization expenses for the year ended December 31, 2022 were $635,804.

NOTE 6 – CONTRIBUTIONS

Funding Requirement and Funding Policy
Periodic contributions to the Plan are determined on an actuarial basis using the Entry Age Normal Cost Method. The Entry Age Normal Cost Method identifies a normal cost and an accrued liability. This method was adopted in 2001 by the Board. The Board also elected an initial amortization period for the payment of the unfunded accrued liability of 30 years. The amortization of the Unfunded Actuarial Accrued Liability is done as a level percent of payroll. Unfunded liability amounts incurred through December 31, 2017 are amortized over a closed 30-year period (17 years as of December 31, 2022). Based on the recommendation of SLOCPT's Actuary from the January 1, 2019 Actuarial Valuation, the Board elected to amortize each future year's Unfunded Actuarial Accrued Liability over a closed 20-year layered amortization schedule. Changes in the value of Plan assets have generally been smoothed over a five-year period to arrive at the Actuarial Value of Assets under the Entry Age Normal Cost Method. The Actuarial Value of Assets as of the most recent Actuarial Valuation was $1.619 billion.

In June 2022, the Board unanimously passed the recommendation of an increase of 2.31% to the total contribution rate as recommended by the Actuary in the January 1, 2022 Actuarial Valuation. The increased total contribution rate took into consideration continuing with the remaining 18 years of the 30-year amortization for unfunded liabilities as well as beginning the new practice of amortizing future liability amounts using a layered 20-year amortization. With the County Board of Supervisors' approval, the employers will implement the shared employer and employee increased total contribution rates for the majority of members effective July 1, 2023. The increase was adjusted to an average of 2.59% to account for the deferred implementation. The Air Pollution Control District and Superior Court implemented increased rates as of January 1, 2023.

It is the policy of the employers to contribute the full Actuarially Determined Contribution (ADC) through a combination of employer appropriations and member contributions.

NOTE 7 – NET PENSION LIABILITY

The components of Net Pension Liability of the Plan as of December 31, 2022 were as follows:

Total Pension Liability	$ 2,583,068,273
Plan Fiduciary Net Position	(1,594,492,075)
Employers' Net Pension Liability	$ 988,576,198

Plan Fiduciary Net Position as a percentage of Total Pension Liability was 61.73% as of December 31, 2022.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive Plan, as understood by the employers and Plan members, and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of January 1, 2022 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial cost method	Entry Age Normal
Inflation	2.50 percent
Salary Increases	3.00 percent, including inflation, additional merit component applicable to first 7 years of service
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021. The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2021.

The long-term expected nominal rate of return on investments was determined using the same methodology as the long-term expected real rate of return calculation described in Note 1; however, the nominal rates of return will differ from the real rates of return presented in Note 1 because the nominal rates of return include an inflation assumption while real rates of return do not. Best estimates of arithmetic nominal rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2022 (see the discussion of the Plan's Investment Policy) are summarized in the following table on the next page:

NOTE 7 – NET PENSION LIABILITY (continued)

Asset Allocation	Asset Class	Target Allocation	Weighted Average Long-Term Expected Nominal Rate of Return
Liquidity	Cash Equivalents/Short Duration Govt	10%	3.60%
Growth	Equities - Public Market	30%	7.38%
Growth	Real Assets	15%	7.13%
Growth	Private Markets	30%	8.80%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	3.94%
		100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer appropriations will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers collectively, calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

Employers' Net Pension Liability as of December 31, 2022	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 1,342,581,014	$ 988,576,198	$ 698,571,787

NOTE 8 – LITIGATION

The Plan is subject to legal proceedings and claims in the ordinary course of its business. As of December 31, 2022, Plan management and legal counsel are not aware of litigation that would have a material impact on the Plan's financial statements.

NOTE 9 – SUBSEQUENT EVENTS

In compliance with governmental accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end through the date the financial statements were issued to determine if these events are required to be disclosed in these financial statements.

NOTE 9 – SUBSEQUENT EVENTS (continued)

Management has determined that no events require disclosure in accordance with governmental accounting standards generally accepted in the United States of America. Subsequent events have been evaluated through June 26, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending December 31*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	$ 48,420,356	$ 44,929,977	$ 43,278,018	$ 40,445,623	$ 40,729,658	$ 38,161,931	$ 36,968,006	$ 35,503,180	$ 36,210,322
Interest on the Total Pension Liability	163,941,826	151,553,475	146,066,246	139,848,569	134,311,163	128,399,243	123,083,279	114,971,636	108,953,629
Differences Between Expected and Actual Experience	31,506,499	32,468,995	11,871,198	3,836,848	31,926,880	(1,367,931)	5,485,265	9,771,252	-
Assumption Changes	78,053,947	35,700,366	53,371,279	-	8,507,420	-	62,845,241	-	-
Benefit Payments and Refunds	(129,393,883)	(121,125,059)	(113,167,617)	(104,630,854)	(94,628,868)	(88,657,277)	(80,683,305)	(75,054,266)	(68,095,021)
Net Change in Total Pension Liability	192,528,745	143,527,754	141,419,124	79,500,186	120,846,253	76,535,966	147,698,486	85,191,802	77,068,930
Total Pension Liability - Beginning	2,390,539,528	2,247,011,774	2,105,592,650	2,026,092,464	1,905,246,211	1,828,710,245	1,681,011,759	1,595,819,957	1,518,751,027
Total Pension Liability - Ending (a)	$ 2,583,068,273	$ 2,390,539,528	$ 2,247,011,774	$ 2,105,592,650	$ 2,026,092,464	$ 1,905,246,211	$ 1,828,710,245	$ 1,681,011,759	$ 1,595,819,957
Fiduciary Net Position									
Employer Appropriations	$ 72,095,657	$ 61,177,212	$ 56,305,770	$ 48,957,564	$ 46,243,596	$ 42,340,904	$ 35,451,409	$ 33,618,330	$ 32,046,545
Member Contributions	39,229,067	36,699,913	35,888,642	32,983,211	32,952,747	30,467,232	25,359,069	24,586,735	24,415,512
Pension Plan Net Investment Income (Loss)	(133,019,237)	211,006,871	152,286,158	193,721,648	(50,033,056)	178,639,524	68,949,306	(16,705,852)	51,667,160
Benefit Payments	(129,393,883)	(121,125,059)	(113,167,617)	(104,630,854)	(94,628,868)	(88,657,277)	(80,683,305)	(75,054,266)	(68,095,021)
Pension Plan Administrative Expense	(2,897,178)	(2,797,340)	(2,569,774)	(2,120,046)	(1,972,465)	(2,045,367)	(2,248,956)	(2,528,532)	(2,084,841)
Other	(1,485,140)	(1,325,003)	(1,421,187)	(1,527,404)	(1,412,892)	(1,516,852)	(1,387,369)	(1,449,773)	(331,910)
Net Change in Fiduciary Net Position	(155,470,714)	183,636,594	127,321,992	167,384,119	(68,850,938)	159,228,164	45,440,154	(37,533,358)	37,617,445
Fiduciary Net Position - Beginning	1,749,962,789	1,566,326,195	1,439,004,203	1,271,620,084	1,340,471,022	1,181,242,858	1,135,802,704	1,173,336,062	1,135,718,617
Fiduciary Net Position - Ending (b)	$ 1,594,492,075	$ 1,749,962,789	$ 1,566,326,195	$ 1,439,004,203	$ 1,271,620,084	$ 1,340,471,022	$ 1,181,242,858	$ 1,135,802,704	$ 1,173,336,062
Net Pension Liability (a)-(b)	**$ 988,576,198**	**$ 640,576,739**	**$ 680,685,579**	**$ 666,588,447**	**$ 754,472,380**	**$ 564,775,189**	**$ 647,467,387**	**$ 545,209,055**	**$ 422,483,895**
Fiduciary Net Position as a Percentage of Total Pension Liability	61.73%	73.20%	69.71%	68.34%	62.76%	70.36%	64.59%	67.57%	73.53%
Covered Payroll**	$ 227,731,465	$ 215,475,700	$ 218,911,525	$ 200,924,549	$ 199,288,713	$ 192,735,874	$ 180,728,417	$ 175,628,910	$ 167,343,323
Net Pension Liability as a Percentage of Covered Payroll	434.10%	297.28%	310.94%	331.75%	378.59%	293.03%	358.25%	310.43%	252.47%

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

*** Figures represent actual compensation on which contributions were made for the fiscal years presented. The covered payroll reported in the Actuarial Section is based on a projected payrate for the subsequent year at the valuation date.*

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution**	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2013	$ 30,795,872	$ 30,795,872	$ -	$ 164,299,413	18.74%
2014	$ 32,046,545	$ 32,046,545	$ -	$ 167,343,323	19.15%
2015	$ 33,618,330	$ 33,618,330	$ -	$ 175,628,910	19.14%
2016	$ 35,451,409	$ 35,451,409	$ -	$ 180,728,417	19.62%
2017	$ 42,340,904	$ 42,340,904	$ -	$ 192,735,874	21.97%
2018	$ 46,243,596	$ 46,243,596	$ -	$ 199,283,713	23.20%
2019	$ 48,957,564	$ 48,957,564	$ -	$ 200,924,549	24.37%
2020	$ 56,305,770	$ 56,305,770	$ -	$ 218,911,525	25.72%
2021	$ 61,177,212	$ 61,177,212	$ -	$ 215,475,700	28.39%
2022	$ 72,095,657	$ 72,095,657	$ -	$ 227,731,465	31.66%

** Covered payroll for years prior to 2014 is the amount in force as of the valuation date and likely differs from the actual payroll paid during the year.*

*** Effective 1/1/2021, there was a change in actuaries, and the schedule presented is from the most recent valuation.*

SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date	January 1, 2022
Notes	Actuarially determined contribution rates are calculated as of January 1, 2022. Members and employers contribute based on fixed rates. The County may choose to prefund a portion of the actuarially determined contribution. There were no benefit changes during the year.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	Amortized over a closed 18-year period from January 1, 2022 ending December 31, 2039. Future gains and losses will be amortized over 20-year closed period layers.
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	6.750%
Inflation Rate Assumption	2.50% per year
Salary Increases	3.00% Composed of 2.50% inflation, plus 0.50% productivity increase rate, plus step-rate promotional increases for members with less than 8 years of service.
Cost-of-Living Adjustments	Tier 1 - 2.75% Tiers 2 & 3 - 2.00% (limit)
Retirement Age	Experience-based table for rates based on age and service. Adopted by the Board in 2022 in conjunction with the five-year experience study for the period ending December 31, 2021.
Mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021 Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN

Year Ended December 31*	Annual Money-Weighted Rate of Return Net of Investment Expense
2022	-7.55%
2021	13.43%
2020	10.57%
2019	15.21%
2018	-3.72%
2017	14.96%
2016	6.04%
2015	-1.42%
2014	4.54%

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

** Schedule is intended to show information for 10 years. Data prior to 2014 is not available in a comparable format. Additional years will be displayed as they become available.*

SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS)

	2022	2021
Personnel Services		
Salaries and Benefits	$ 1,225,130	$ 1,188,573
Total Personnel Services	1,225,130	1,188,573
Office Expenses		
Office Supplies	10,987	10,562
Postage	33,467	29,711
Telephone	2,203	2,798
Utilities	11,400	14,054
Total Office Expenses	58,057	57,125
Professional Services		
Accounting and Auditing	59,800	59,800
Actuarial	149,392	103,423
Data Processing	248,516	301,048
Legal	213,153	181,571
Medical	81,150	20,025
Human Resources Consulting	5,000	5,000
Other	10,190	13,850
Bank Charges	8,074	10,348
Total Professional Services	775,275	695,065
Other Administrative Expenses		
Maintenance and Custodial	11,347	51,328
Insurance	144,227	134,841
Memberships, Subscriptions, and Publications	5,252	5,763
Printing and Reprographics	18,490	13,369
Transportation, Travel, and Education	19,745	8,713
Miscellaneous Administrative Expenses	3,851	5,580
Total Other Administrative Expenses	202,912	219,594
Depreciation and Amortization	635,804	636,983
TOTAL ADMINISTRATIVE EXPENSES	$ 2,897,178	$ 2,797,340

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS)

	2022	2021
Investment Manager Fees	$ 2,965,172	$ 3,330,598
Custody Fees	293,682	278,212
Investment Consultant	310,941	295,000
Other Investment Expenses	92	70,000
TOTAL INVESTMENT EXPENSES	$ 3,569,887	$ 3,973,810

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS)

	2022	2021
Accounting and Auditing Services	$ 59,800	$ 59,800
Actuarial Services	149,392	103,423
Data Processing Services	248,516	301,048
Legal Services	213,153	181,571
Disability Medical Services	81,150	20,025
Human Resources Services	5,000	5,000
Payroll Processing Services	6,488	6,718
TOTAL PAYMENTS TO CONSULTANTS	$ 763,499	$ 677,585

Investment Section

Investment Section Overview

The Investment Section of the Annual Comprehensive Financial Report (ACFR) provides additional detailed information regarding the San Luis Obispo County Pension Trust's (SLOCPT's) investments. Included is a letter from SLOCPT's Investment Consultant addressing investment activities and the capital markets. Additionally, information is provided on:

- Investment Objectives
- Asset Allocation Policy
- Investment Results
- Investment Results Based on Fair Value
- Schedule of Management Fees and Commissions
- Investments at Fair Value
- Schedule of Largest Stock and Bond Holdings

March 17, 2023

The Board of Retirement
c/o Mr. Carl Nelson
Executive Director
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Dear Mr. Nelson:

Verus is pleased to have had the opportunity to serve the San Luis Obispo County Pension Trust (the "Plan") for the past 16 years and provide this investment review for the year ending December 31, 2022.

Capital Markets Review

2022 summary

While 2022 was a difficult year, the more recent narrative paints a more optimistic picture. First, it seems inflation peaked in June, helping to reduce price pressure on consumers and allowing the Federal reserve to slow the rate of monetary tightening. Additionally, China's rapid pivot away from a nearly three-year "Zero Covid" policy provided a tailwind to global economic growth. Lastly, for investors with a long-term perspective, prospective return estimates have significantly increased, as valuations have come back to more normal levels and bond yields have moved higher – which should help many investors reach their return goals more easily.

U.S. Equity

U.S. equities finished 2022 down 18.1%, notching the worst calendar year performance for the S&P 500 since 2008 (and the seventh worst over the past 100 years). Inflation, and the Federal Reserve's response to it, continued to be the primary factor driving domestic equity performance. While inflation has gradually moved lower from the four-decade peak of 9.1% seen in June, the Federal Reserve has remained firm on their intention to bring inflation back towards its two percent target. With the upper bound of the Fed's target rate sitting at 4.5% at year-end, domestic equity valuations were impacted in two major ways.

The first results from the discounting mechanism investors use to price equities. Future cash flows are discounted back to present values, so a higher discount rate will reduce the present value of cash flows and have a larger impact on cash flows further out in the future.

The second is that a rising rate environment increases the likelihood of a recession, as Fed action designed to tame inflation also leads to slower economic activity. Fears persist that a slowing economy will lead to lower earnings and falling asset prices.

Looking at style factor performance during 2022, value stocks significantly outperformed growth stocks, reversing the trend of past years. Despite this outperformance, both the Russell 1000 Value and Growth indices finished in the red, down 7.5% and 29.1%, respectively. Investors pivoted to more conservative names, as the larger growth focused outperformers of the past were hit harder by the valuation impacts mentioned above, limiting the relative downside of value stocks.

International equity

International equity faced their own unique challenges through the calendar year including: the ongoing war in Ukraine; China's "Zero-Covid" policy (and rapid pivot); and turbulence around the United Kingdom's fiscal policy (which resulted in a British pound "flash crash" and a new Prime Minister). In light of these and other factors, international equities were unable to escape the broader global sell-off, as international developed and emerging market shares fell 14.5% and 20.1%, respectively.

Taking a look at international developed equities, the war in Ukraine dominated the narrative. Investor sentiment slumped as the possibility for a broader conflict increased. While the war seems to be contained within the borders of Ukraine and Russia, the economic aftershocks have been widespread. The largest economic impact was on Europe's energy complex, which saw prices (specifically natural gas) spike to record highs resulting from Europe's reliance on Russian energy exports. Fears have subsided in recent months, as needed supplies were filled from elsewhere and weather forecasts called for a milder winter, which alongside favorable currency movements helped push the MSCI EAFE index up 17.3% in the fourth quarter. Despite recent positive performance, most believe Europe still faces a difficult path forward – with rising core inflation forcing the European Central Bank to continue to tighten, even in the face of a challenged economy.

Within emerging markets, the largest story has been the continuation of China's rapid pivot away from a "Zero Covid" policy in late October. The reopening of its economy provided a boost to Chinese equities, which in turn helped fuel a broader rally in emerging market shares. However, with reopening came an influx of new Covid cases, which makes forecasting the timeline for a full Chinese economic opening difficult. Additional questions remain around the future impacts of a reopened China – the main concern being a renewed rise in global prices. Despite the ongoing decline in global inflation, price stability remains fragile and susceptible to a rapid ramp up in demand from the world's largest consumer.

Fixed income

Inflation and interest rates were also significant factors in fixed income markets over the calendar year. Short-term rates in the U.S. rose 4.25% through 2022, marking one of the fastest tightening cycles in history. While rates moved abruptly higher, inflation remains materially higher than the Federal Reserve's 2% inflation target, leaving the door open for additional rate hikes through 2023. Per the Federal Reserve's most recent quarterly Summary of Economic Projections, FOMC participants see rates at 5.10% by year end.

Rapidly rising rates hurt fixed income investments as prices had to adjust lower to accommodate higher yields. Core fixed income (Bloomberg U.S. Aggregate) fell 13.0% in 2022, marking the index's worst calendar year performance since 1977. These losses marked an uncommon period where bonds failed to provide investors with expected diversification in multi-asset portfolios.

Losses also extended into the credit space, with all major asset classes finishing lower in the calendar year. U.S. high yield and emerging market debt saw losses in the double digits. The one bright spot within credit was Bank loans, where variable rate characteristics helped mitigate the longer duration hit taken by fixed rate credit investments. Even with these features, Bank loans still delivered an annual return of -0.6% in 2022.

Despite increasing concerns, credit spreads remained relatively stable. Investment grade corporate credit spreads ticked up modestly from 92 bps to 130 bps over the year. High yield spreads also widened, but nowhere near the levels seen during the Covid-19 pandemic or the 2008-2009 Global Financial Crisis. Default activity has remained near historic lows, reflecting stronger corporate balance sheets during this cycle.

Performance Summary

Verus independently calculates the Plan's investment results using an annualized time-weighted rate of return, based on the fair value of the Plan's investment assets provided by the Plan's custodian bank, J.P. Morgan.

While returns struggled across almost every asset class for the year, the Plan held up well on a relative basis, with a return of -8.0% gross-of-fees in 2022 (-8.3% net-of-fees), compared to the interim benchmark return of -9.7%. The Plan ranked in the 21st percentile within the public plan universe where the median return was -11.1%. Outperformance relative to the benchmark was primarily driven by the value bias in the Plan's US Equity allocation, which outperformed by 880 bps on a 1-year basis gross-of-fees versus its benchmark (-10.4% vs -19.2%). Given that US equity accounts for approximately 20% of total plan assets, this allocation had a significant impact on overall performance. Positive contributions also came from Real Estate and Domestic Fixed Income allocations, each of which handily beat their benchmarks (6.7% vs 5.5% and -10.1% vs -13.0%, respectively).

Strategic Asset Allocation

The Board continuously seeks opportunities to improve Plan performance, while staying aligned with its pre-determined risk tolerance. Accordingly, In September of 2020, the Board adopted a revised strategic asset allocation, which is reflected in the following table:

Verus

Asset Class	Target Allocation
LIQUIDITY	**10%**
Cash	4%
Short Gov't/IG Credit	6%
GROWTH	**75%**
Public Equity	30%
Private Equity	18%
Private Credit	12%
Real Assets	15%
DIVERSFYING	**15%**
US Treasury	8%
US TIPS	7%
TOTAL	**100%**

The shift to this "Functionally Focused Portfolio" (FFP) is designed to provide additional access to higher earning, private markets investments over time, while maintaining a sufficient liquidity reserve to ensure timely payment of benefits, regardless of market conditions. The overarching expectation is that the portfolio will become more efficient, earning a higher return for each unit of risk incurred. The Plan is on track for transitioning the portfolio to its long-term target allocation over several years, the timing of which is driven by the pace of building out the private markets investment program.

Outlook

The outlook for 2023 remains challenging, as inflation and recession will likely continue to be key themes. Within the U.S., the outcome the Fed seeks of an economic soft landing remains possible, as inflation has moderated from 9.1% to 6.5%, and the economy has shown resilience. If inflation continues to fall, that could open the door for the Fed to ease monetary tightening, which would reduce the headwinds to economic growth. From an international perspective, China's reopening appears to be a tailwind to global growth, but the net impact of a full reopening on global prices remains a risk. In Europe, high inflation and firmly hawkish central banks remain challenges, although companies and consumers have shown resilience. Uncertainty is high, but the most recent market drawdown and increase in interest rates seems to have rescued investors from the "low return" expectations of recent years.

All of us here at Verus greatly appreciate the opportunity to assist the SLOCPT Board in meeting the Plan's investment objectives. We look forward to continuing in our role as investment advisor and providing guidance to help navigate ever-changing markets.

Sincerely,

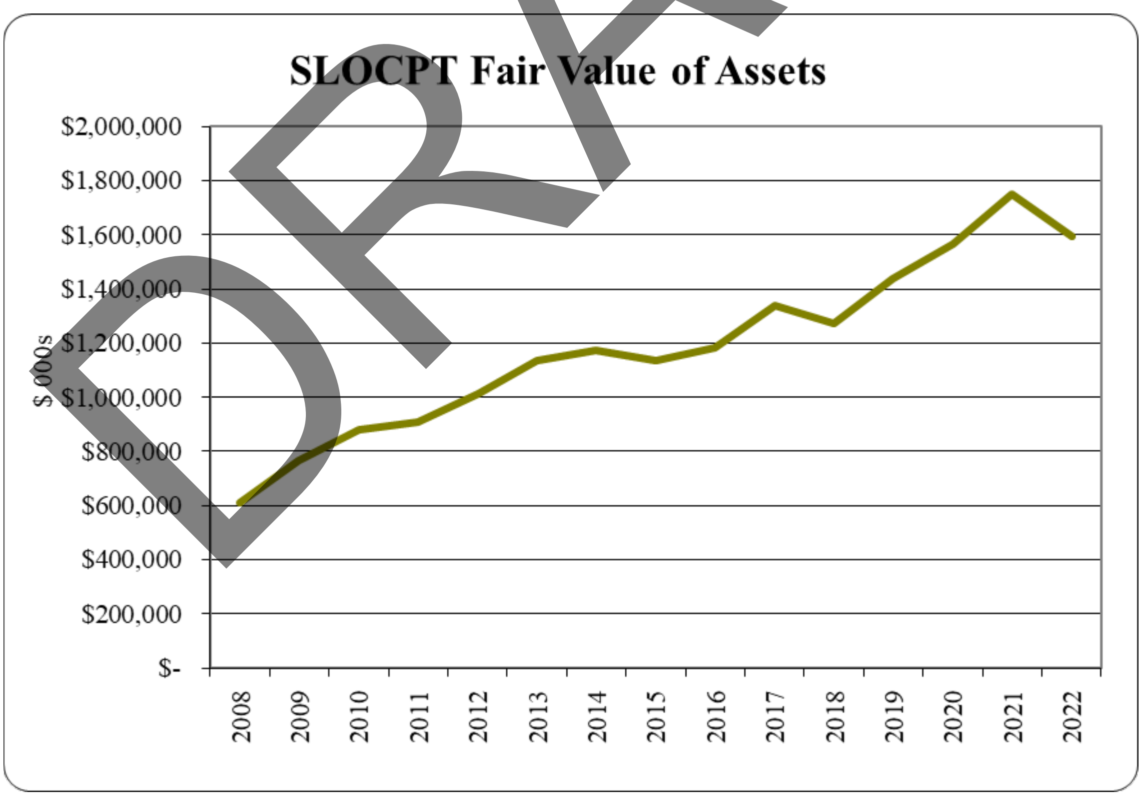
Scott J. Whalen, CFA, CAIA
Executive Managing Director|Senior Consultant

Summary of Investment Objectives

The Board of Trustees (Board) has adopted an Investment Policy that governs the management of SLOCPT's investments. The Board, through its adopted Investment Policy, directing staff and consultants, and receiving regular reporting on investments, is responsible for overseeing the investments of SLOCPT. This policy includes, but is not limited to, selecting acceptable asset classes; defining allowable ranges of holdings by asset class and by individual investment managers as a percent of assets; defining acceptable securities within each class; and establishing investment performance expectations. The Board will revise the Investment Policy as necessary based on the advice of its investment consultant and staff. A copy of the current Investment Policy is available at www.SLOPensionTrust.org.

The primary objective for the investments of SLOCPT is to exceed the actuarial assumption used for asset returns over the long run. The time horizon for SLOCPT's Investment Policy is very long reflecting the long-term nature of the liabilities funded by SLOCPT. This long-term horizon influences the level of investment risk deemed appropriate by the Board. The investment policies and practices of SLOCPT are intended to be consistent with the primary mission of SLOCPT: to pay benefits as they become due. A fundamental tenet underlying the Investment Policy is the prudent balancing of risk through broad diversification.

The following graph shows the change in fair value of the Fiduciary Net Position Restricted for Pension Benefits for SLOCPT over the last fifteen years as of December 31:



Asset Allocation Policy

The Strategic Asset Allocation (SAA) asset mix incorporated into the Investment Policy is shown below (adopted March 22, 2021):

Strategic Asset Allocation Policy Adopted Policy Mar. 22, 2021		TARGET	Limits Min.	Limits Max.	Performance Benchmark
LIQUIDITY					
Total Liquidity Allocation	(a)	**10%**	5%	20%	Policy mix composite
Cash Equivalents		4%	1%	15%	90 day T-Bills
Short Duration Govt/ IG Credit	(c)	6%	0%	15%	Barclays U.S. Govt/Credit 1-3
GROWTH					
Total Growth Allocation	(b)	**75%**	25%	95%	Policy mix composite
Equities - Public Market		30%	15%	85%	Russell 3000
US Large Cap Growth/Value					S&P 500
US Small/Mid Cap Growth/Value					Russell 2500
Intl. Developed Market Growth/Value					MSCI EAFE
Intl. Emerging Market					
Global		30%	15%	70%	MSCI ACWI
Debt - Public Market		0%	0%	30%	
US Core + Bonds IG	(c)				BC Aggregate Bond
Global Bonds					FTSE WGBI ex US Treas.
Bank Loans					S&P/LSTA Leveraged Loan Index
Emerging Market Debt					50% JPM EMBI / 25% JPM GBIEM / 25% JPM ELMI+
Real Assets		15%	10%	30%	Policy mix composite
Real Estate - Core		5%	5%	15%	NCREIF
Real Estate Value Add		5%	0%	15%	NCREIF
Infrastructure - Global		5%	0%	15%	TBD

Strategic Asset Allocation Policy **Adopted Policy Mar. 22, 2021**		**TARGET**	Limits Min.	 Max.	Performance Benchmark
Private Markets	(e)	30%	5%	45%	(e)
Private Equity		18%	5%	30%	
Diversified PE strategies	(d)				
Specific PE funds					
Equity related alternatives					
Private Credit		12%	5%	25%	
Diversified PC strategies	(d)				
Specific PC funds					
Debt related alternatives					
Other Growth Strategies			0%	10%	
Opportunistic		Varies			
RISK DIVERSIFYING					
Total Risk Diversifying Allocation		15%	5%	30%	
US Treasury - Intermediate/Long		8%	4%	15%	Barclays Treasury 7-10 Year
US Treasury - Inflation Protected - TIPS		7%	3%	15%	Barclays U.S. TIPS 5-10 Index
TOTAL		**100%**			**Total Fund Policy mix**

(a) Liquidity target ~ 1.3 yrs gross pension benefits - currently ~$140m ~10%

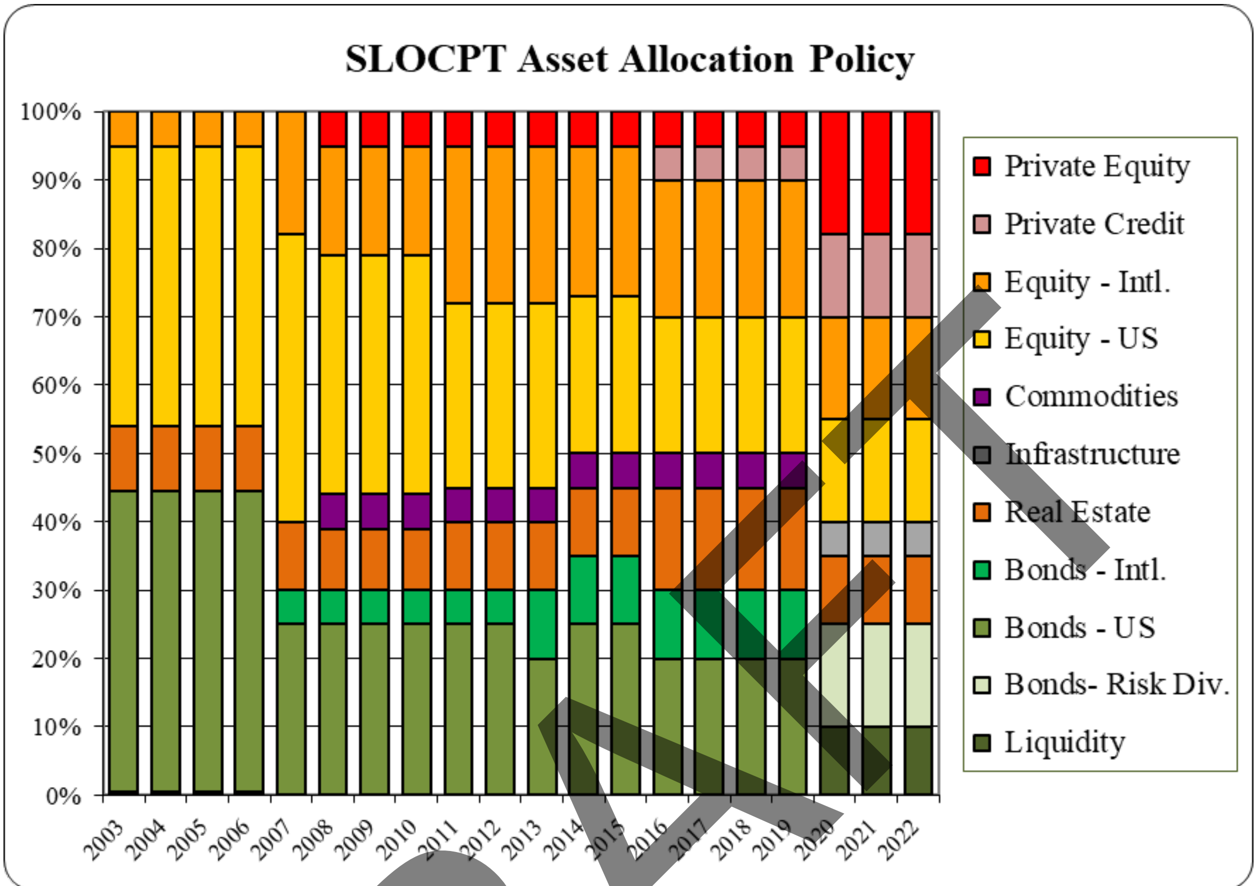
(b) Growth - long-term investments with some illiquidity. Periodic drawdowns to replenish Liquidity as needed.

(c) IG = Investment Grade Credit
HY = High Yield - below IG Credit

(d) Diversified Private Markets may be Fund-of-Funds and/or Direct LP program

(e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income).

The SAA adopted by SLOCPT has changed over the years as shown in the following chart:

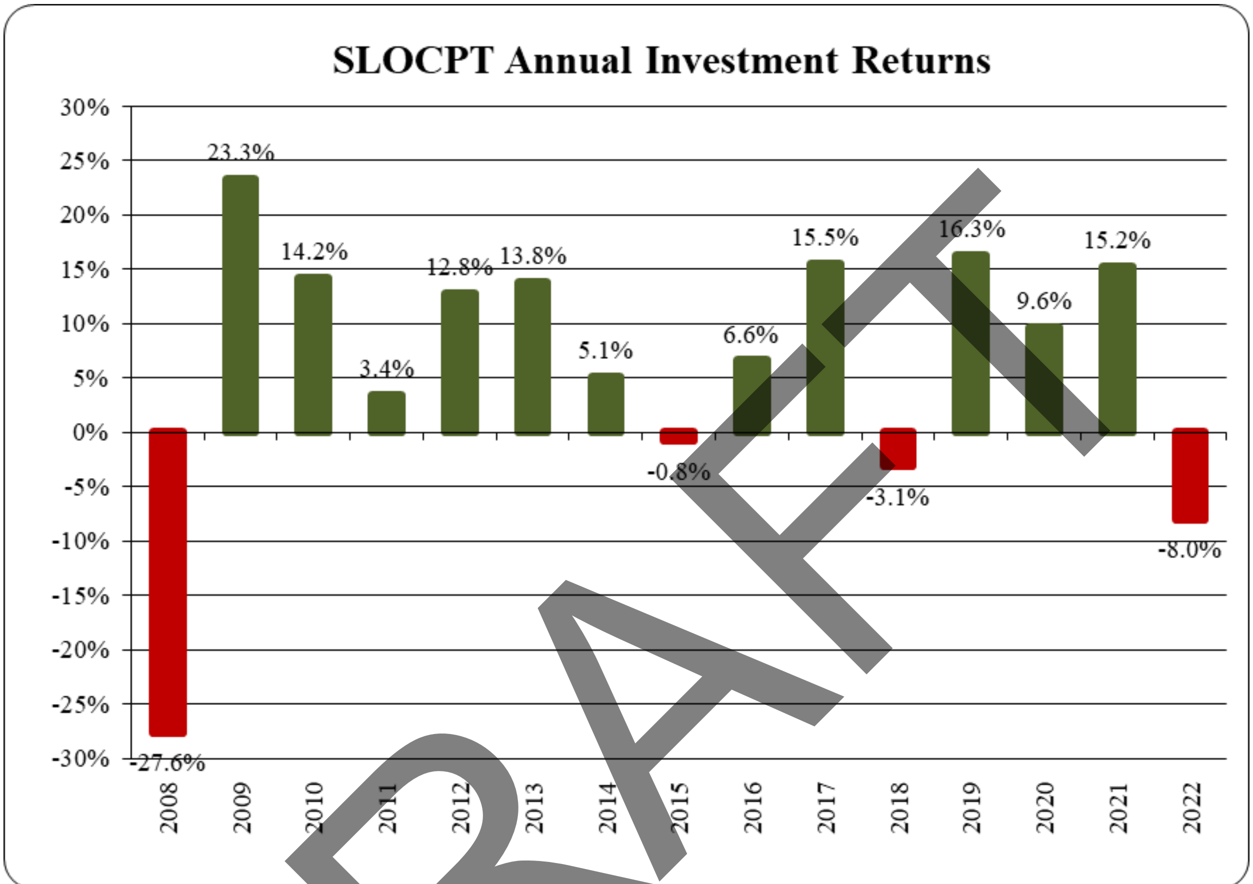


SLOCPT employs multiple investment managers in different asset classes and with different styles of investing. Combined with strict limitations in the Investment Policy on the maximum exposure to individual investments and with regular rebalancing of the asset mix the diversification level of the investments is maintained. The investments of SLOCPT may be held in separate accounts with the custody bank for SLOCPT and with the investments managed by an external investment manager. SLOCPT investments may also be held in commingled funds, mutual funds or in limited partnerships.

Proxy voting for securities held for SLOCPT is specifically delegated by the Investment Policy to the investment manager for each portfolio (separate account or commingled fund / mutual fund). The investment managers are instructed to vote proxies purely in the best investment interests of SLOCPT.

Investment Results

For 2022, SLOCPT achieved a rate of return of -8.0% gross of fees as measured by SLOCPT's investment consultant:



For periods ended December 31, the total fair-value based time-weighted rates of return on SLOCPT's assets as computed by the Investment Consultant gross of fees are summarized below:

	2018	2019	2020	2021	2022
SLOCPT Total Returns	-3.1%	16.3%	9.6%	15.4%	-8.0%

Source: Verus reports

For cumulative periods, the annualized time-weighted total rates of return are as follows:

	1 year	3 years	5 years	10 years	15 years
SLOCPT Total Returns	-8.0%	5.2%	5.6%	6.7%	5.6%

Source: Verus 4th Quarter 2022 report

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2022

Annualized time-weighted rates of return based on fair value

Investment Account		Current Year	3 Years	5 Years	Inception
Domestic Equities					
PIMCO RAE Fundamental	g	-3.0%	9.1%	8.8%	11/2007
Index: S&P 500		*-18.1%*	*7.7%*	*9.4%*	
Loomis Sayles Large Cap Growth	g	-27.1%	4.9%	8.6%	12/2016
Index: Russell 1000 Growth		*-29.1%*	*7.8%*	*11.0%*	
Boston Partners Large Cap Value	g	-3.8%	8.9%	8.0%	02/2017
Index: Russell 1000 Value		*-7.5%*	*6.0%*	*6.7%*	
Atlanta Capital	g	-7.9%	8.0%	10.2%	08/2010
Index: Russell 2500		*-18.4%*	*5.0%*	*5.9%*	
International Equities					
Dodge & Cox	g	-6.2%	2.5%	1.9%	12/2007
Index: MSCI ACWI ex US Value		*-8.0%*	*0.7%*	*0.6%*	
WCM International Growth	g	-28.2%	4.5%	7.8%	02/2017
Index: MSCI ACWI ex US Growth		*-22.8%*	*-0.1%*	*1.8%*	
Domestic Fixed Income					
BlackRock Core Bond	g	-14.9%	-2.9%	0.3%	01/2017
Dodge & Cox Income Fund	g	-10.5%	-0.7%	1.6%	01/2017
Index: Bloomberg US Aggregate TR		*-13.0%*	*-2.7%*	*0.0%*	
PAM Bank Loan Fund	g	-0.2%	2.8%	3.7%	9/2014
Index: LSTA Leveraged Loan Index		*-0.6%*	*2.5%*	*3.3%*	
SSGA US Govt Bond Index	g	-12.5%	*< 3 yrs*		7/2021
Index: Bloomberg US Treasury 7-10 Yr		*-14.9%*			
BlackRock TIPS	g	-11.9%	*< 3 yrs*		9/2021
Index: Bloomberg TIPS TR		*-11.8%*			
International Fixed Income					
Brandywine Global Fixed Income	g	-13.8%	*< 3 yrs*		06/2020
Index: FTSE WGBI ex US TR		*-22.1%*			
Ashmore Emerging Markets	g	-19.9%	-9.2%		03/2019
Index: JPM EMBI GD/GBI EM/ELMI+		*-13.6%*	*-4.8%*		
Real Estate					
ARA American Strategic Value Realty Fund	g	12.3%	9.9%	9.2%	06/2016
JP Morgan Strategic Properties Fund	g	4.3%	8.0%	6.9%	03/2008
Index: NCREIF ODCE/Property		*6.5%*	*9.0%*	*8.1%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2022

Annualized time-weighted rates of return based on fair value

Investment Account		Current Year	3 Years	5 Years	Inception
Private Equity					
HarbourVest Fund IX (buyout)					06/2011
HarbourVest 2018 Global Fund					12/2018
HarbourVest SLO Fund					03/2022
Pathway Private Equity Fund 9					04/2017
Pathway Private Equity Fund 10					02/2020
Combined Private Equity	g	-1.3%	25.1%	20.0%	
Private Equity Benchmark		*-1.3%*			
Private Credit					
SSP Diversified Credit Programs	g	1.4%	7.3%	8.2%	11/2016
Private Credit Benchmark		*1.4%*			
Opportunistic					
KKR Mezzanine Debt Fund I					04/2011
SSP TAO Contingent Fund					04/2020
Combined Opportunistic	g	-3.7%	5.5%	7.4%	
Index: Russell 3000 + 300BP		*-16.8%*	*10.3%*	*12.1%*	
Cash Account					
Treasury Pool		0.4%	1.0%	1.4%	
Investment Cash		0.9%	*< 3 yrs*		6/2021
Index: 90 day T-Bills		*1.5%*	*0.7%*	*1.3%*	
PIMCO Short Duration Fund		-4.3%	*< 3 yrs*		7/2021
Index: Bloomberg US Govt/Credit 1-3 Yr		*-3.7%*			
TOTAL FUND (including Cash)					
Total Fund		**-8.0%**	**5.2%**	**5.6%**	
Index: Policy Index at 12/31/22: *10% Liquidity* *75% Growth* *15% Risk Diversifying*		*-9.7%*	*4.0%*	*4.9%*	

Note - Policy Index based on Asset Allocation Policy in place for each particular year

g = Gross of fees

Includes only investment managers in place at December 31, 2022; however, investment results of terminated managers are included in the Total Fund rate of return.

Source: Quarterly investment reports from Verus, investment consultant

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions

For the Year Ended December 31, 2022 (Dollars in Thousands)

Management Fees	2022 Fees		Year-End Assets Under Mgmt.	Fees as % of Year-End Assets (a)
Domestic Equity				
PIMCO RAE Fundamental	*N/A*	(c)	$ 91,301	
Loomis Sayles	$ 393		70,478	0.56%
Boston Partners	*N/A*	(c)	87,734	
Atlanta Capital	570		72,519	0.79%
Total Domestic Equity	963		322,032	
International Equity				
Dodge & Cox (mutual fund)	*N/A*	(c)	136,866	
WCM International (mutual fund)	*N/A*	(c)	116,357	
Total International Equity	-		253,223	
Domestic Fixed Income				
BlackRock Core Bond	272		53,813	0.51%
Dodge & Cox Income Fund	*N/A*	(c)	54,147	
PAM Bank Loan Fund	*N/A*	(c)	68,430	
PIMCO Short Duration Fund	*N/A*	(c)	33,230	
SSGA Treasury Fund	16		54,064	0.03%
BlackRock TIPS Fund	9		44,969	
Total Domestic Fixed Income	297		308,653	
International and Global Fixed Income				
Brandywine	202		41,448	0.49%
Ashmore Emerging Markets	*N/A*	(c)	52,581	
Total International and Global Fixed Income	202		94,029	
Real Estate				
ARA American Strategic Value Realty Fund	*N/A*	(c)	84,784	
JP Morgan Strategic Properties Fund	1,471		168,047	0.88%
Total Real Estate	1,471		252,831	
Private Equity/Credit				
HarbourVest Fund IX (buyout)	*N/A*	(c)	12,687	
HarbourVest 2018 Global Fund	*N/A*	(c)	20,680	
HarbourVest SLO Fund	*N/A*	(c)	64,628	
Pathway Private Equity Fund 9	*N/A*	(c)	83,503	
Pathway Private Equity Fund 10	*N/A*	(c)	13,427	
SSP Diversified Credit Programs	*N/A*	(c)	79,826	
SSP TAO Contingent Fund	*N/A*	(c)	36,363	
KKR Mezzanine Debt Fund I	32		2,684	1.21%
Total Private Equity/Credit	32		313,798	
Total Management Fees	$ 2,965			

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

For the Year Ended December 31, 2022 (Dollars in Thousands)

Other Investment Expenses	2022 Fees	Year-End Assets Under Mgmt.	Fees as % of Year-End Assets
Custodian Fees	294		0.02%
Investment Consultant	311		0.02%
Other Investment Expenses	-		0.00%
Total Other Investment Expenses	605		0.04%
TOTAL INVESTMENT EXPENSES AND ASSETS UNDER MANAGEMENT	**$ 3,570**	**$ 1,544,566**	**0.23%**

Broker Commissions	Commissions Fees	
Broker Commissions	$ 16	(b)
Broker Fees	-	
Total Broker Commissions	**$ 16**	

(a) Investment management fees are typically charged quarterly based on fair value and on a graduated scale; therefore, management fees compared to year-end asset values is a simplified presentation that approximates the average fee rate.

(b) Includes brokerage commissions for separate accounts only. Significant portions of SLOCPT's investments are held in commingled funds. Brokerage commissions for commingled funds are netted against investment returns and therefore are not included in the total of commissions presented here.

(c) Fees included in net asset value of investments.

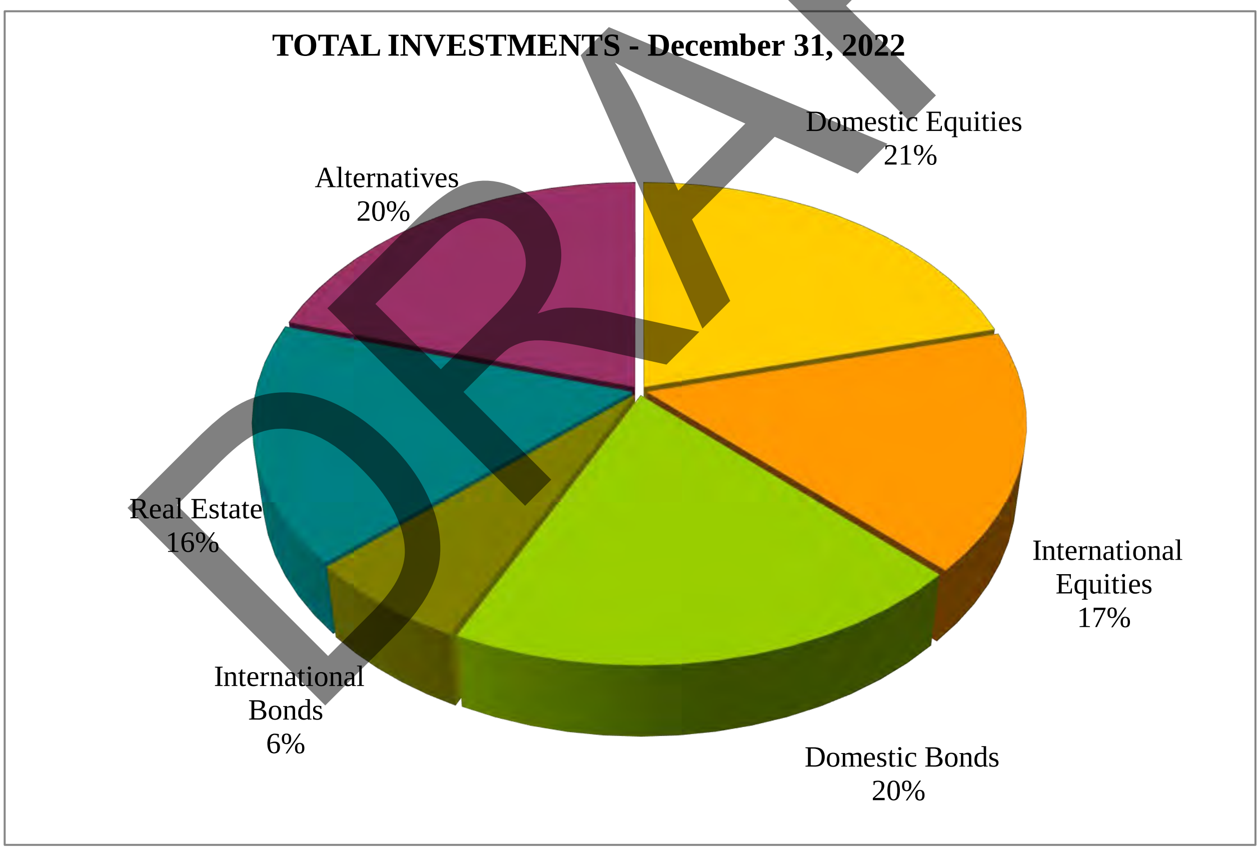
Investment managers are instructed to seek best execution and to seek to minimize commission and market impact costs when trading securities.

San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2022 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 322,032	20.85%
International Equities	253,223	16.39%
Fixed Income		
Domestic Bonds, Mortgages, Notes	306,198	19.82%
International Bonds	96,484	6.25%
Real Estate	252,831	16.37%
Alternatives	313,798	20.32%
TOTAL INVESTMENTS	$ 1,544,566	100.00%



San Luis Obispo County Pension Trust

Schedule of Largest Stock and Bond Holdings

As of December 31, 2022 By Fair Value

	Largest Stock Holdings	Shares	Fair Value
1	WR BERKLEY CORP COMMON STOCK USD 0.2	47,684	$ 3,460,392
2	ARAMARK COMMON STOCK USD 0.01	70,514	2,915,049
3	AFFILIATED MANAGERS GROUP INC USD 0.01	15,936	2,524,740
4	CARLISLE COS INC COMMON STOCK USD 1	9,874	2,326,808
5	TELEFLEX INC COMMON STOCK USD 1	8,900	2,221,707
6	ENVISTA HOLDINGS CORP COMMON STOCK USD 0.01	64,545	2,173,230
7	SEI INVESTMENTS CO COMMON STOCK USD 0.01	34,529	2,013,041
8	RPM INTERNATIONAL INC COMMON STOCK USD 0.01	19,933	1,942,471
9	BROWN & BROWN INC COMMON STOCK USD 0.1	33,520	1,909,634
10	LANDSTAR SYSTEM INC COMMON STOCK USD 0.01	11,387	1,854,942
	Total of 10 Largest Stock Holdings		$ 23,342,014

	Largest Bond Holdings	Par Value	Fair Value
1	TBA UMBS SINGLE FAMILY 30YR 2 1/23 4.00%	$ 1,076,000	$ 1,010,222
2	UMBS MORTPASS 4% 01/NOV/2041	699,006	675,513
3	UMBS MORTPASS 2% 01/OCT/2051	786,165	642,242
4	UMBS MORTPASS 2% 01/DEC/2051	729,492	595,828
5	UMBS MORTPASS 2.5% 01/JAN/2052	608,697	517,315
6	FHLMCGLD MORTPASS 4.5% 01/SEP/2046	443,159	436,285
7	FHLMCGLD MORTPASS 3.5% 01/DEC/2046	439,781	409,119
8	UMBS MORTPASS 2.5% 01/JUL/2032	398,197	372,791
9	ONEMAIN FINANCIAL ISSUANCE TRUST 2019-2 3.14% 10/24/2036	410,000	366,409
10	DRIVE AUTO RECEIVABLES TRUST 2021-1 1.02% 06/15/2027	360,000	351,921
	Total of 10 Largest Bond Holdings		$ 5,377,645

Significant portions of the San Luis Obispo County Pension Trust's (SLOCPT) investments are held in commingled funds. The securities listed above are from those held in separate accounts for SLOCPT and do not include securities held in commingled funds.

A complete listing of SLOCPT's investments is available upon request.

Actuarial Section

Actuarial Section Overview

The Actuarial Section of the Annual Comprehensive Financial Report (ACFR) provides expanded reporting on the actuarial measures and valuations relative to the San Luis Obispo County Pension Trust (SLOCPT) and the San Luis Obispo County Employees Retirement Plan (the Plan). This section is based on the latest available actuarial valuation which, in this case, is the Annual Actuarial Valuation as of January 1, 2022.

SLOCPT engages an independent actuarial firm to perform annual valuations on SLOCPT. Additionally, actuarial experience studies are conducted biennially. The economic and demographic assumptions that are used in each annual actuarial valuation are approved by the Board of Trustees (the Board) with the advice of the actuary and are typically based on the results of each biennial actuarial experience study and input from SLOCPT's consultants and staff.

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2022 valuation. It is based on member data and financial results through December 31, 2021. SLOCPT's actuary, Cheiron, completed this annual valuation during 2022. The most recent Biennial Actuarial Experience Study, as of January 1, 2022, was completed by Cheiron as of December 31, 2021. Results of this Biennial Actuarial Experience Study were used in developing the assumptions used in the January 1, 2022 Annual Actuarial Valuation.

The Annual Actuarial Valuation as of January 1, 2022, including actuarial assumptions was approved by the Board on June 27, 2022.

The Annual Actuarial Valuation as of January 1, 2023, based on data through December 31, 2022, is in the process of completion at the time of the publication of this ACFR.

March 29, 2023

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Actuarial Certification – Actuarial Valuation as of January 1, 2022

Dear Board of Trustees,

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) for the San Luis Obispo County Pension Trust (SLOCPT, the Trust) for the year ended December 31, 2022.

Actuarial Valuation Used for Funding Purposes

The purpose of the annual Actuarial Valuation Report performed as of January 1, 2022 is to determine the actuarial funded status of the Trust on that date and to calculate the total Actuarially Determined Contribution. Please refer to that report for additional information related to the funding of the Trust.

We prepared the following schedules for inclusion in the Actuarial Section of the ACFR based on the January 1, 2022 actuarial valuation. All historical information prior to the January 1, 2021 actuarial valuation shown in these schedules is based on information reported by the prior actuary, Gabriel, Roeder, Smith & Company.

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from the Retiree Payroll
- Schedule of Funded Liabilities by Type
- Schedule of Funding Progress
- Development of Actuarial Value of Assets
- Summary of Plan Provisions

The funded ratios shown in the Schedule of Funded Liabilities by Type and the Schedule of Funding Progress exhibits are ratios compared to the funding target and are for the purpose of evaluating funding progress in a budgeting context. These ratios are not appropriate for measuring or assessing the sufficiency of Trust assets to cover the estimated cost of settling the Trust's benefit obligations.

The Board of Trustees is responsible for establishing and maintaining the contribution policy for the Trust. The relative allocation of the total Actuarially Determined Contribution to the employers and the employees is typically a result of the collective bargaining process, or for unrepresented employees it is set by the County Board of Supervisors. The actuarial methods and assumptions used in the actuarial valuation are adopted by the Board of Trustees with advice from the actuary. In our opinion, the assumptions and methods used in the actuarial valuation for funding purposes are consistent with applicable Actuarial Standards of Practice. The actuarial cost method and the actuarial assumptions used for funding purposes are the same as those used for financial reporting purposes.

Actuarial Valuation Used for Financial Reporting Purposes

For financial reporting purposes, the Total Pension Liability (TPL) is based on the January 1, 2022 actuarial valuation updated to the measurement date of December 31, 2022. The TPL reflects a change in the assumptions effective with the January 1, 2022 valuation.

Please refer to our GASB 67/68 report as of December 31, 2022 for additional information related to the financial reporting of the Trust. The following schedules can be found in our GASB report for inclusion in the Financial Section of the ACFR.

- Change in Collective Net Pension Liability
- Sensitivity of Collective Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Collective Net Pension Liability and Related Ratios
- Schedule of Collective Employer Contributions
- Notes to the Schedule of Collective Employer Contributions

Funding Objective and Policy

The Trust's funding objective is to meet its long-term benefit promises by targeting a well-funded status. The Trust's funding policy is to collect contributions through a combination of employer appropriations and employee contributions, the total Actuarially Determined Contribution (ADC), equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability, and
- The Trust's expected administrative expenses.

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability (UAL). The UAL is amortized as a percentage of payroll of SLOCPT. The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability (18 years remaining as of January 1, 2022). Effective with the January 1, 2019 actuarial valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

The explicit administrative expense component was first added to the ADC effective with the January 1, 2021 actuarial valuation.

Assumptions

The actuarial assumptions used in performing the January 1, 2022 valuation were recommended in the Actuarial Experience Study performed by Cheiron, covering the period from January 1, 2017 through December 31, 2021. These assumptions were adopted by the Board of Trustees at their May 23, 2022 Board meeting. The assumptions and methods used for funding purposes were developed in compliance with the actuarial standards of practice as they relate to pension plans. The assumptions reflect the likely future experience of the Trust and the assumptions both individually and as a whole represent the best estimate for the future experience of the Trust.

The 6.75% assumed rate of investment return, net of investment expenses, and the explicit administrative expense assumption were adopted by the Board of Trustees at their May 24, 2021 Board meeting.

Certification

In preparing our valuation and GASB reports, we relied on information (some oral and some written) supplied by the SLOCPT staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standards of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect our reports.

Cheiron's reports, the exhibits within this letter and their contents, have been prepared in accordance with generally recognized and accepted actuarial principles and practices, and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this section. This section does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Our report and this letter were prepared for the San Luis Obispo County Pension Trust for the purposes described herein and for the use by the Trust and participating employers' auditors may rely on these reports in completing an audit related to the matters herein. Other users of this information are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

Alice I. Alsberghe, ASA, EA, MAAA
Consulting Actuary

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. There were no changes to the contribution allocation procedures from the prior valuation.

1. **Actuarial Cost Method**

   The actuarial valuation is prepared using the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on original entry into the Plan. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

2. **Asset Valuation Method**

   The Actuarial Value of Asset is based on the fair value of assets with a five-year phase-in of the actual investment returns in excess of (or less than) expected investment income, net of investment expenses. Expected investment income is determined using assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year).

3. **Amortization Method**

   The Unfunded Actuarial Liability (UAL) is amortized as a percentage of the projected SLOCPT salaries. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (18 years remaining as of January 1, 2022). Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll.

4. **Contributions**

   The employers contribute to the retirement fund a percentage of the total compensation provided for all members based on an actuarial experience study, actuarial valuation, recommendation of the actuary, and bargaining agreements for the allocation between employer and employee contributions.

Actuarial Assumptions

The rate of return and administrative expense assumptions were adopted by the Board at their May 24, 2021 meeting, based on information presented by Cheiron and the Plan's investment consultant (Verus) updated capital market assumptions. The other assumptions used in this report reflect the results of an Experience Study performed by Cheiron, covering the period from January 1, 2017 through December 31, 2021, and adopted by the Board at their May 23, 2022 meeting for the January 1, 2022 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated June 2, 2022.

1. **Rate of Return**

   Assets are assumed to earn 6.75%, net of investment expenses.

2. **Administrative Expenses**

   Administrative expenses are assumed to be $2,369,000 for the next year, to be split between employees and employers based on their share of the overall contributions. Administrative expenses are assumed to increase by the assumed wage inflation of 3.00% each year.

3. **Cost-of-Living Increases**

   The cost-of-living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 2.50% per year. The price inflation assumption is used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

4. **Cost-of-Living Adjustment (COLA) Growth**

   The COLA growth assumption for Tier 1 members is assumed inflation plus an additional 0.25% "California" adjustment. For Tier 2 and Tier 3 members the COLA growth assumption is 2.0%.

5. **Internal Revenue Code Section 415 Limit**

   The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

6. **Internal Revenue Code Section 401(a)(17)**

   The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is reflected in the valuation for funding purposes. Any limitation is also reflected in a member's benefit after retirement.

7. Interest on Member Contributions

The annual credited interest rate on member contributions is assumed to be 5.75%. The actual crediting rate was changed to 5.75% at the November 2021 Board meeting, with Additional Contributions credited at 0.98%.

8. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below. Male members are assumed to be four years older than their spouses and female members are assumed to be two years younger than their spouses.

Percentage Married	
Gender	Percentage
Males	70%
Females	55%

9. Payroll Growth

Price inflation component: 2.50%
Productivity increase component: 0.50%
Total Payroll Growth: 3.00%

10. Increases in Pay

Price inflation component: 2.50%
Productivity increase component: 0.50%
Additional Merit component based on service:

Miscellaneous Merit Increases	
Service	Rate
0	5.25%
1	5.00%
2	4.00%
3	3.00%
4	2.00%
5	1.00%
6	0.50%
7	0.50%
8	0.50%
9	0.50%
10	0.20%
11	0.20%
12	0.20%
13	0.20%
14	0.20%
15	0.20%
16	0.20%
17	0.20%
18	0.20%
19	0.20%
20	0.20%
21+	0.00%

Safety Merit Increases	
Service	Rate
0	5.25%
1	4.50%
2	4.00%
3	3.00%
4	2.00%
5	1.00%
6	0.75%
7	0.75%
8	0.75%
9	0.75%
10	0.40%
11	0.40%
12	0.40%
13	0.40%
14	0.40%
15	0.40%
16	0.40%
17	0.40%
18	0.40%
19	0.40%
20	0.25%
21	0.25%
22	0.25%
23	0.25%
24	0.25%
25+	0.00%

Increases are compound rather than additive.

11. Rates of Termination

Sample rates of termination are shown in the following table below.

	Rates of Vested Termination	
Service	Miscellaneous	Safety/Probation
0	0.00%	0.00%
1	0.00%	0.00%
2	0.00%	0.00%
3	0.00%	0.00%
4	0.00%	0.00%
5	5.50%	2.75%
6	5.00%	2.50%
7	4.50%	2.25%
8	4.25%	2.25%
9	4.00%	2.25%
10	3.75%	2.00%
11	3.50%	2.00%
12	3.25%	1.50%
13	3.00%	1.50%
14	3.00%	1.50%
15	3.00%	1.50%
16	2.75%	1.50%
17	2.75%	1.25%
18	2.50%	1.25%
19	2.50%	1.25%
20	2.00%	1.25%
21	1.50%	1.25%
22	1.50%	1.25%
23	1.50%	1.25%
24	1.50%	1.25%
25	1.50%	1.00%
26	1.50%	1.00%
27	1.50%	1.00%
28	1.50%	1.00%
29	1.50%	1.00%
30	1.50%	0.00%
31	1.50%	0.00%
32	1.50%	0.00%
33	1.50%	0.00%
34	1.50%	0.00%
35+	0.00%	0.00%

**Termination rates do not apply once member is eligible for retirement*

12. Rates of Withdrawal

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

Rates of Withdrawal		
Service	General	Safety
0	20.00%	10.00%
1	15.00%	8.00%
2	12.00%	6.00%
3	10.00%	5.00%
4	6.00%	4.00%
5	2.00%	3.00%
6	1.75%	2.00%
7	1.75%	1.00%
8	1.50%	1.00%
9	1.00%	1.00%
10	1.00%	1.00%
11	1.00%	1.00%
12	0.50%	1.00%
13	0.50%	1.00%
14	0.50%	1.00%
15	0.50%	1.00%
16	0.50%	0.00%
17	0.50%	0.00%
18	0.50%	0.00%
19	0.50%	0.00%
20	0.50%	0.00%
21	0.50%	0.00%
22	0.50%	0.00%
23	0.50%	0.00%
24	0.50%	0.00%
25	0.00%	0.00%
26	0.00%	0.00%
27	0.00%	0.00%
28	0.00%	0.00%
29	0.00%	0.00%
30+	0.00%	0.00%

13. Reciprocal Transfers

30% of vested terminated Members that leave their member contributions on deposit with the Plan are assumed to be reciprocal.

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of 3.00%.

14. Rates of Disability

Representative disability rates of active participants are shown below.

Rates of Disability		
Age	Miscellaneous	Safety and Probation
25 or less	0.010%	0.030%
26	0.010%	0.050%
27	0.010%	0.070%
28	0.010%	0.090%
29	0.010%	0.110%
30	0.010%	0.130%
31	0.015%	0.150%
32	0.020%	0.170%
33	0.025%	0.190%
34	0.030%	0.210%
35	0.035%	0.230%
36	0.040%	0.250%
37	0.045%	0.270%
38	0.050%	0.290%
39	0.055%	0.310%
40	0.060%	0.330%
41	0.065%	0.350%
42	0.070%	0.370%
43	0.075%	0.390%
44	0.080%	0.410%
45	0.085%	0.430%
46	0.090%	0.450%
47	0.095%	0.470%
48	0.100%	0.490%
49	0.105%	0.510%
50	0.110%	0.530%
51	0.115%	0.550%
52	0.120%	0.570%
53	0.125%	0.590%
54	0.130%	0.610%
55	0.135%	0.630%
56	0.140%	0.650%
57	0.145%	0.670%
58	0.150%	0.690%
59	0.155%	0.710%
60	0.160%	0.730%
61	0.165%	0.750%
62	0.170%	0.770%
63	0.175%	0.790%
64	0.180%	0.810%
65 or more	0.000%	0.000%

All disabilities for Safety members are assumed to be service-related and no disabilities for Miscellaneous and Probation members are assumed to be service-related.

15. Rates of Mortality for Healthy Lives

Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for Safety and Probation active members are based on the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for healthy Miscellaneous annuitants and all beneficiaries are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for healthy Safety and Probation annuitants are based the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2021.

16. Rates of Mortality for Disabled Lives

Mortality rates for Miscellaneous disabled members are based on the sex distinct Public General 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for Safety and Probation disabled members are based on the sex distinct Public Safety 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

17. Rates of Retirement

Rates of retirement are based on age, group, and tier according to the following tables.

Rates of Retirement for Years of Service Less Than 25						
		Tier 1			Tiers 2 and 3	
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
51	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
52	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
53	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
54	5.00%	15.00%	25.00%	3.00%	5.00%	7.50%
55	5.00%	25.00%	40.00%	3.00%	5.00%	7.50%
56	5.00%	25.00%	30.00%	3.00%	5.00%	7.50%
57	5.00%	20.00%	20.00%	3.00%	10.00%	7.50%
58	5.00%	7.50%	12.00%	3.00%	7.50%	8.25%
59	5.00%	7.50%	18.00%	3.00%	7.50%	11.25%
60	10.00%	10.00%	25.00%	8.00%	7.50%	15.00%
61	15.00%	10.00%	30.00%	8.00%	7.50%	18.75%
62	20.00%	15.00%	40.00%	15.00%	15.00%	22.50%
63	20.00%	15.00%	50.00%	15.00%	15.00%	30.00%
64	30.00%	15.00%	75.00%	20.00%	15.00%	45.00%
65	35.00%	100.00%	100.00%	20.00%	100.00%	100.00%
66	35.00%			20.00%		
67	35.00%			20.00%		
68	35.00%			20.00%		
69	35.00%			20.00%		
70+	100.00%			100.00%		

Rates of Retirement for 25 or more Years of Service						
		Tier 1			Tiers 2 and 3	
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
51	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
52	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
53	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
54	7.00%	15.00%	30.00%	5.50%	10.00%	12.00%
55	7.00%	35.00%	40.00%	5.50%	10.00%	12.00%
56	7.00%	25.00%	40.00%	6.00%	10.00%	12.00%
57	15.00%	25.00%	30.00%	10.00%	15.00%	12.00%
58	15.00%	12.00%	20.00%	10.00%	10.00%	10.00%
59	15.00%	12.00%	20.00%	10.00%	10.00%	12.50%
60	20.00%	15.00%	30.00%	15.00%	10.00%	18.00%
61	25.00%	15.00%	35.00%	15.00%	10.00%	20.00%
62	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
63	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
64	40.00%	20.00%	75.00%	25.00%	20.00%	45.00%
65	40.00%	100.00%	100.00%	25.00%	100.00%	100.00%
66	40.00%			25.00%		
67	40.00%			25.00%		
68	40.00%			25.00%		
69	40.00%			25.00%		
70+	100.00%			100.00%		

Tier 1 Reserve Members are assumed to retire at the later of age 55 or attained age. All other Reciprocal and Reserve members are assumed to retire at the later of age 60 or attained age.

18. DROP Assumptions

Members who enter DROP are valued as retired members. There is no assumed DROP account balance or assumed interest crediting rate since their benefits are held by a third party and are not part of the Pension Trust's assets.

19. Changes Since Last Valuation

Based on the findings of the 2017-2021 experience study, many economic and demographic assumptions were updated to better reflect the experience of the Pension Trust. For details on the assumption changes, please see the Actuarial Experience Study for January 1, 2017 through December 31, 2021 issued in June 2022.

Schedule of Active Member Valuation Data
and
Schedule of Retirees and Beneficiaries Added to and Removed from Retiree Payroll

Schedule of Active Member Valuation Data

	Active Members		Annual Payroll		Average Payroll	
January 1,	Number	% Increase	Amount	% Increase	Amount	% Increase
2013	2,495	2.0%	$ 164,299,413	2.0%	$ 65,851	0.0%
2014	2,521	1.0%	164,704,467	0.2%	65,333	-0.8%
2015	2,550	1.2%	167,695,432	1.8%	65,763	0.7%
2016	2,609	2.3%	177,003,887	5.6%	67,844	3.2%
2017	2,675	2.5%	185,019,748	4.5%	69,166	1.9%
2018	2,722	1.8%	196,848,084	6.4%	72,317	4.6%
2019	2,725	0.1%	200,537,472	1.9%	73,592	1.8%
2020	2,752	1.0%	205,694,036	2.6%	74,743	1.6%
2021	2,747	-0.2%	214,043,738	4.1%	77,919	4.2%
2022	2,776	1.1%	224,019,349	4.7%	80,699	3.6%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

Schedule of Retirees and Beneficiaries Added to and Removed from Retiree Payroll

Valuation Date	Added to Rolls		Removed from Rolls		Rolls at Valuation Date		Average Annual	Increase in Average
Jan 1,	Count	Allowances	Count	Allowances	Count	Annual Benefits	Benefit	Benefit
2013	150	$ 5,235,834	43	$ 813,919	2,147	$ 57,242,887	$ 26,662	4.7%
2014	152	4,469,386	49	890,436	2,250	62,026,694	27,567	3.4%
2015	200	6,983,929	49	877,814	2,401	69,067,723	28,766	4.3%
2016	168	5,858,191	52	1,099,047	2,517	74,864,386	29,743	3.4%
2017	161	5,982,085	60	1,350,465	2,618	80,486,911	30,744	3.4%
2018	181	7,428,520	54	1,164,837	2,745	88,353,092	32,187	4.7%
2019	188	6,817,615	65	1,583,470	2,868	95,882,264	33,432	3.9%
2020	154	5,848,312	54	1,153,684	2,968	103,407,204	34,841	4.2%
2021	161	6,864,853	59	1,252,479	3,070	111,745,910	36,399	4.5%
2022	164	6,234,184	62	1,623,755	3,172	119,674,197	37,728	3.7%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

Schedule of Funded Liabilities by Type

Valuation Date January 1,	(A) Active Member Contributions	(B) Retirees, Beneficiaries, and Term Vested	(C) Remaining Active Members' Liabilities	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets (A)	(B)	(C)
2013	$ 258,760,824	$ 844,338,635	$ 364,901,219	$ 1,122,150,539	100%	100%	5%
2014	273,309,118	906,484,213	338,957,696	1,182,923,978	100%	100%	1%
2015	281,229,850	1,007,167,130	317,194,229	1,231,473,577	100%	94%	0%
2016	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	85%	0%
2017	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	81%	0%
2018	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	78%	0%
2019	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	74%	0%
2020	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	71%	0%
2021	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	70%	0%
2022	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	70%	0%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

Schedule of Funding Progress

The funding ratios shown in the exhibits below are ratios compared to the Actuarial Liabilities that are intended to be a funding target and are for the purpose of evaluating funding progress in a budgeting context. These ratios are not appropriate for measuring of assessing the solvency of the Trust or the sufficiency of Trust assets to cover the estimated cost of settling the Trust's benefit obligations.

Schedule of Funding Progress
(dollars in thousands)

Valuation Date	Actuarial Value of Assets[1]	Actuarial Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
12/31/2012 [3]	$1,122,151	$1,468,001	$345,850	76.4%	$164,299	210.5%
12/31/2013 [2,4]	1,182,924	1,518,751	335,827	77.9%	164,704	203.9%
12/31/2014	1,231,474	1,605,591	374,117	76.7%	167,695	223.1%
12/31/2015	1,248,328	1,686,497	438,169	74.0%	177,004	247.5%
12/31/2015 [2]	1,248,328	1,749,342	501,014	71.4%	177,004	283.1%
12/31/2016	1,268,405	1,827,342	558,937	69.4%	185,020	302.1%
12/31/2017	1,328,750	1,937,173	608,423	68.6%	196,848	309.1%
12/31/2017 [2]	1,328,750	1,945,681	616,931	68.3%	196,848	313.4%
12/31/2018	1,362,562	2,029,929	667,367	67.1%	200,537	332.8%
12/31/2019	1,416,763	2,116,700	699,937	66.9%	205,694	340.3%
12/31/2019 [2]	1,416,763	2,170,071	753,308	65.3%	205,694	366.2%
12/31/2020	1,506,270	2,277,428	771,158	66.1%	214,044	360.3%
12/31/2020 [2]	1,506,270	2,313,128	806,858	65.1%	214,044	377.0%
12/31/2021	1,619,357	2,420,054	800,696	66.9%	224,010	357.4%
12/31/2021 [2]	1,619,357	2,498,108	878,750	64.8%	224,010	392.3%

December 31, 2019 and earlier values were calculated by the prior actuary.

sets and liabilities do not include Employee Additional Reserve amounts of:

12/31/2012	$6,606,149	12/31/2017	$3,267,574
12/31/2013	5,942,492	12/31/2018	2,784,819
12/31/2014	5,295,316	12/31/2019	2,598,886
12/31/2015	4,362,000	12/31/2020	2,265,799
12/31/2016	3,961,371	12/31/2021	1,869,784

flects assumption changes.
flects benefit provisions under Tier 2 for certain members.
flects benefit provisions under Tier 3 for new members.

Development of Actuarial Value of Assets

Development of Actuarial Value of Assets for January 1, 2022

		Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2020	Plan Year Ended December 31, 2021
1)	Actuarial Value of Assets as of Beginning of Year	$ 1,268,404,900	$ 1,328,750,029	$ 1,362,561,581	$ 1,416,762,603	$ 1,506,269,826
2)	Non-Investment Cash Flow	(15,849,141)	(15,432,525)	(22,671,149)	(20,973,205)	(27,370,277)
3)	Expected Return	89,809,223	92,481,499	94,599,241	96,693,458	100,719,101
4)	Expected Actuarial Value of Assets [(1) + (2) + (3)]	$ 1,342,364,982	$ 1,405,799,003	$ 1,434,489,673	$ 1,492,482,856	$ 1,579,618,650
5)	Actual Return on Market Value	$ 175,077,305	$ (53,418,413)	$ 190,055,268	$ 148,295,197	$ 211,006,871
6)	Actual Return Above Expected [(5) - (3)]	$ 85,268,082	$ (145,899,912)	$ 95,456,027	$ 51,601,739	$ 110,287,770
7)	Recognition of Returns Above / (Below) Expected					
	a) Current Year (20% of 6.)	$ 17,053,616	$ (29,179,982)	$ 19,091,205	$ 10,320,348	$ 22,057,554
	b) First Prior Year	(3,831,304)	17,053,616	(29,179,982)	19,091,205	10,320,348
	c) Second Prior Year	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
	d) Third Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
	e) Fourth Prior Year	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616
	f) Continued Recognition of 2008 Asset Loss	(9,936,396)	0	0	0	0
	g) Total Recognition of Returns	$ (14,308,750)	$ (43,720,177)	$ (17,913,003)	$ 13,453,883	$ 39,342,741
8)	**Preliminary Actuarial Value of Assets [(4) + (7g)]**	**$ 1,328,056,232**	**$ 1,362,078,826**	**$ 1,416,576,670**	**$ 1,505,936,739**	**$ 1,618,961,391**
9)	Excludable Assets: Additional Annuity Reserve					
	a) Beginning of Year	3,961,371	3,267,574	2,784,819	2,598,886	2,265,799
	b) End of Year	3,267,574	2,784,819	2,598,886	2,265,799	1,869,784
	c) Change in Excludable Assets [(9b) - (9a)]	(693,797)	(482,755)	(185,933)	(333,087)	(396,015)
10)	**Final Actuarial Value of Assets [(8) - (9c)]**	**$ 1,328,750,029**	**$ 1,362,561,581**	**$ 1,416,762,603**	**$ 1,506,269,826**	**$ 1,619,357,406**
11)	Investment Return	5.99%	3.69%	5.68%	7.86%	9.38%

Amounts prior to Plan Year Ended December 31, 2020 were calculated by the prior actuary.

Summary of Plan Provisions

All actuarial calculations are based on our understanding of the statutes governing the SLOCPT as pursuant to Government Code Section 53219 and San Luis Obispo County Code Chapter 2.56 with provisions adopted by the County Board of Supervisors, or the SLOCPT Board of Trustees, effective through December 31, 2021. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

There have been no changes to the Plan provisions since the prior valuation.

A. Membership in Retirement Plans

All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the SLOCPT.

B. Tiers

Tier 1: Includes new members hired before January 1, 2011.

Tier 2: Includes new members hired on or after January 1, 2011 and before January 1, 2013. Tier 2 only applies to members hired after the date each particular bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members.

Tier 3: Includes all new members hired on or after January 1, 2013.

C. Member Contributions

Each Member of the Pension Trust will contribute, by means of payroll deduction, an amount of money equal to the Member's normal rate of contribution times the Member's compensation proportionate to the ratio of actual paid hours, less overtime, to normal hours. Please refer to Appendix B for current Member Contribution rates. Member Contributions will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

D. Final Compensation

Tier 1: Highest one-year average for employees in Tier 1 and “Pick Up” included as compensation for various management employees within Bargaining Units 4, 7, 8, 9, 10, 11, 12, 17, and 99.

Pick up percentages for each applicable bargaining unit shown below:

Bargaining Unit	Pick Up Percentage
4, 7, 8, 9, 11, 12, 99	9.29%
10	13.55%
17	13.59%

Tiers 2 and 3: Highest three-year average compensation.

E. Service Retirement

Eligibility: Age 50 with five years of service. For Miscellaneous members in Tier 3, Age 52 with five years of service.

Benefit: Retirement Age Factor times Final Compensation times Years of Credited Service, limited to the Maximum Benefit if applicable.

Retirement Age Factors:

	Retirement Age Factors									
	Miscellaneous			Probation		Safety				
Age	Tier 1	Tier 2	Tier 3	Tier 1	Tier 3	Tier 1[1]	Tier 1[2]	Tier 2[3]	Tier 2[4]	Tier 3
50	1.426%	1.092%	0.000%	2.300%	2.000%	2.300%	3.000%	2.000%	2.300%	2.000%
51	1.541%	1.156%	0.000%	2.440%	2.100%	2.440%	3.000%	2.140%	2.440%	2.100%
52	1.656%	1.224%	1.000%	2.580%	2.200%	2.580%	3.000%	2.280%	2.580%	2.200%
53	1.770%	1.296%	1.100%	2.720%	2.300%	2.720%	3.000%	2.420%	2.720%	2.300%
54	1.885%	1.376%	1.200%	2.860%	2.400%	2.860%	3.000%	2.560%	2.860%	2.400%
55	2.000%	1.460%	1.300%	3.000%	2.500%	3.000%	3.000%	2.700%	3.000%	2.500%
56	2.117%	1.552%	1.400%	3.000%	2.600%	3.000%	3.000%	2.700%	3.000%	2.600%
57	2.233%	1.650%	1.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
58	2.350%	1.758%	1.600%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
59	2.466%	1.874%	1.700%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
60	2.583%	2.000%	1.800%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
61	2.699%	2.134%	1.900%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
62	2.816%	2.272%	2.000%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
63	2.932%	2.418%	2.100%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
64	3.049%	2.458%	2.200%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
65	3.165%	2.500%	2.300%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
66	3.165%	2.500%	2.400%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
67+	3.165%	2.500%	2.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%

[1] *Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15*
[2] *Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28*
[3] *Non-Sworn Safety members*
[4] *Safety Bargaining Units 6 & 7 and Sworn Safety members*

Maximum Benefit:

Tier 1: SLOCEA and Miscellaneous Other: 80% of Final Compensation
Safety and Probation: 90% of Final Compensation
Miscellaneous Management: 100% of Final Compensation

Tier 2: 90% of Final Compensation

Tier 3: No maximum benefit applies, but pensionable compensation is capped at $128,059 for 2021 and adjusted annually based on CPI.

F. Normal Form of Benefit:

Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children).

G. Optional Retirement Allowance:

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

Option 1: Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member.

Option 2: 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.

Option 3: 50% of member's reduced allowance is payable to a beneficiary having an insurable interest in the life of the member.

Option 4: Other % of member's reduced allowance is payable to a beneficiary(ies) having an insurable interest in the life of the member.

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

Benefit: Greater of (1) 1.5% of Final Compensation times Credited Service, (2) 1/3 of Final Compensation if Credited Service is between 10 and 22.222 years, or (3) the earned Service Retirement Allowance (if eligible).

I. Line-of-Duty Disability

Eligibility: Disablement in the Line-of-Duty Safety and Probation Members only. No age or service requirement.

Benefit: Greater of (1) 50% of Final Compensation, or (2) Service Retirement Allowance (if eligible).

J. Death Before Eligible for Retirement (Basic Death Benefit)

Eligibility: No age or service requirement and must have been an Active Member.

Benefit: Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' Compensation.

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

L. Line-of-Duty Death

Eligibility: Death in the Line-of-Duty for Safety and Probation Members only. No age or service requirement.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

M. Post-Retirement Death Benefit

$1,000 payable in lump sum to the beneficiary or the estate of the retiree.

N. Cost-of-Living Increases

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the average annual Consumer Price Index (CPI), to a maximum of 3% per year for Tier 1 members, and 2% per year for Tier 2 and 3 members.

O. Withdrawal Benefits

All members leaving covered employment with less than five years of service are required to take a refund of their employee contributions with interest. Members with five or more years of service may either withdraw their contributions with interest or leave their contributions on deposit. If contributions are not withdrawn, they are entitled to benefits commencing at any time after service retirement eligibility.

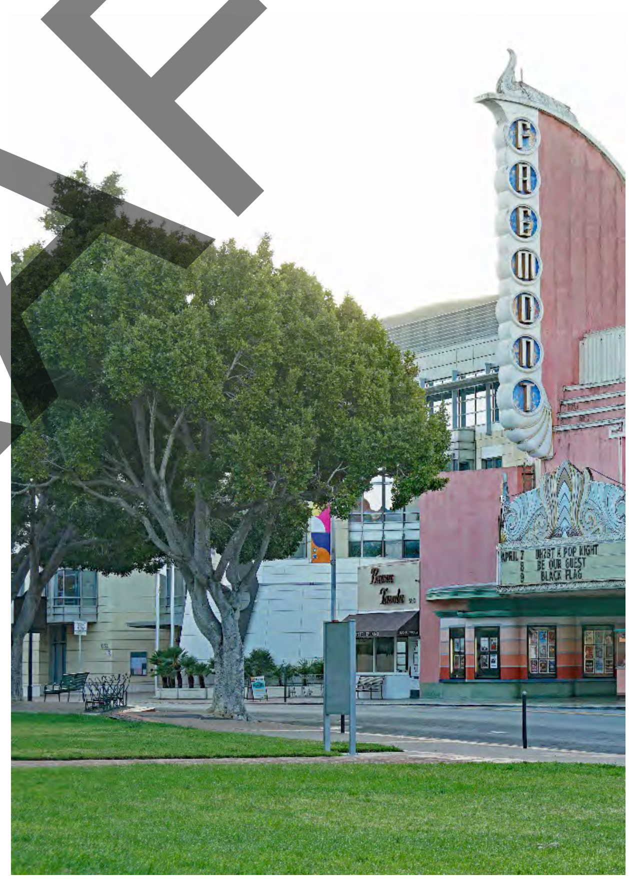
P. Deferred Retirement Option Program (DROP)

Eligibility: Tier 1 members (excluding Court employees) that are service retirement eligible may participate in the SLOCPT's DROP.

Benefit: An amount equal to the annual benefit that would have been paid had the member retired, is deposited into a DROP account. The annual addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of five years of DROP participation or separation from service. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

When a member elects to enter DROP, their monthly payment is directed to and accumulated in an investment account held for that individual by a third party. The member is restricted from accessing these funds until they officially elect to retire from employment. The member must participate a minimum of six months and is required to retire by the end of five years.

Statistical Section



Statistical Section Overview

The Statistical Section of the Annual Comprehensive Financial Report (ACFR) provides additional detailed information to promote a more comprehensive understanding of this year's financial statements, note disclosures, and supplemental information. In addition, this section provides multi-year trends for the financial and operational information important to an understanding of how the San Luis Obispo County Pension Trust's (SLOCPT) financial position has changed over time.

SLOCPT and the benefit provisions of the San Luis Obispo County Employees Retirement Plan (the Plan) account for active and retired members in three broad classes –

- Miscellaneous – members not included in the categories of Probation or Safety
- Probation – members employed to supervise offenders who are on probation and similar positions
- Safety – members employed as sworn and non-sworn public safety officers (e.g., Deputy Sheriffs and Correctional Officers, respectively)

The different classes generally have different retirement benefit levels, different employer appropriation rates and different employee contribution rates. Members may have blended service between the three membership classes. For example, a member may work a portion of their career as a Miscellaneous member and then change jobs to become a member of the Safety class. In such a case, their retirement would be a blend of the different retirement benefits under which they accrued benefits during the different portions of their career. Within each membership class there are also numerous bargaining units and unrepresented labor groups that may have differing retirement benefit provisions. Employer appropriation rates and employee contribution rates may also differ between the various bargaining units as determined by the employer, typically as part of a collective bargaining process.

Beginning at the end of 2010 and throughout 2011, a "Tier 2" level of retirement benefits was adopted by the Plan Sponsor for Miscellaneous and Safety membership classes. Tier 2 retirement benefits provide a lower level of retirement benefits for new-hire employees. The pension benefit in place for existing employees was not modified. The Tier 2 benefits put in place through year-end 2012 apply to new hires through December 31, 2012, in the majority of the County's Miscellaneous and Safety member workforce. Tier 2 benefits also apply to new hires with the Air Pollution Control District and SLOCPT staff. The San Luis Obispo County Superior Court did not implement its participation in Tier 2 benefits.

Beginning January 1, 2013, a new "Tier 3" level of benefits was added to the Retirement Plan in compliance with the California Public Employees' Pension Reform Act put into law in 2012. This new Tier affects all new employees hired on or after January 1,2013, and provides a lower level of benefits.

In 2020, the San Luis Obispo Regional Transit Authority (RTA) became a contract agency with SLOCPT. Those RTA employees hired prior to RTA's entrance into the Plan were placed in Tier 2; all other RTA members will be placed in Tier 3.

The actuarial data presented in this Statistical Section is based on the January 1, 2022, Annual Actuarial Valuation which reflects data as of December 31, 2021.

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

	2022	2021	2020	2019	2018
Additions					
Employer Appropriations	$ 72,095	$ 61,177	$ 56,306	$ 48,958	$ 46,243
Plan Member Contributions	39,229	36,700	35,888	32,983	32,953
Net Investment Income (Loss)	(133,066)	210,985	152,251	193,721	(50,033)
Other Income	47	22	36	19	-
Total Additions	$ (21,695)	$ 308,884	$ 244,481	$ 275,681	$ 29,163
Deductions					
Service Retirement Benefits	$ 107,410	$ 101,157	$ 93,153	$ 86,853	$ 79,120
Disability Retirement Benefits	4,619	4,273	4,151	3,777	3,506
Beneficiary Retirement Benefits	6,816	6,231	6,714	5,326	4,845
Deferred Retirement Option Program	5,288	5,708	5,117	5,265	5,341
Total Retirement Benefits	$ 124,133	$ 117,369	$ 109,135	$ 101,221	$ 92,812
Refunds	3,402	3,315	3,168	3,292	1,757
Death Benefits	1,859	441	865	118	60
Administrative Expense	2,897	2,797	2,570	2,120	1,972
Discount Amortization	1,485	1,325	1,421	1,546	1,413
Total Deductions	$ 133,776	$ 125,247	$ 117,159	$ 108,297	$ 98,014
Net Increase (Decrease) in Fiduciary Net Position	$ (155,471)	$ 183,637	$ 127,322	$ 167,384	$ (68,851)

	2017	2016	2015	2014	2013
Additions					
Employer Appropriations	$ 42,341	$ 35,452	$ 33,618	$ 32,047	$ 30,796
Plan Member Contributions	30,467	25,359	24,587	24,415	24,460
Net Investment Income (Loss)	178,640	68,949	(16,706)	51,667	131,842
Other Income	-				
Total Additions	$ 251,448	$ 129,760	$ 41,499	$ 108,129	$ 187,098
Deductions					
Service Retirement Benefits	$ 72,074	$ 66,623	$ 61,796	$ 56,186	$ 50,919
Disability Retirement Benefits	3,305	3,214	3,150	2,972	2,879
Beneficiary Retirement Benefits	4,435	4,156	3,824	3,541	3,352
Deferred Retirement Option Program	5,238	4,201	3,672	3,464	3,087
Total Retirement Benefits	$ 85,052	$ 78,194	$ 72,442	$ 66,163	$ 60,237
Refunds	2,857	2,247	1,613	1,629	2,374
Death Benefits	748	243	999	303	150
Administrative Expense	2,046	2,249	2,528	2,085	2,054
Discount Amortization	1,517	1,387	1,450	332	-
Total Deductions	$ 92,220	$ 84,320	$ 79,032	$ 70,512	$ 64,815
Net Increase (Decrease) in Fiduciary Net Position	$ 159,228	$ 45,440	$ (37,533)	$ 37,617	$ 122,283

Source: SLOCPT audited financial statements and detailed retiree payroll journals

San Luis Obispo County Pension Trust

Benefits by Class and Type

Last 10 fiscal years (Dollars in Thousands)

As of December 31		Service Retirement	Disability Retirement	Beneficiary Retirement	DROP Retirement	Termination Refunds	Death Benefit	TOTAL
2022	Miscellaneous	$ 87,219	$ 1,633	$ 4,985	$ 3,258	$ 2,778	$ 1,853	$ 101,726
	Probation	3,799	219	256	-	101	1	4,376
	Safety	16,392	2,767	1,575	2,030	523	5	23,292
	TOTAL	$ 107,410	$ 4,619	$ 6,816	$ 5,288	$ 3,402	$ 1,859	**$ 129,394**
2021	Miscellaneous	$ 82,110	$ 1,604	$ 4,605	$ 3,281	$ 3,013	$ 416	$ 95,029
	Probation	3,671	185	207	140	53	21	4,277
	Safety	15,376	2,484	1,419	2,287	249	4	21,819
	TOTAL	$ 101,157	$ 4,273	$ 6,231	$ 5,708	$ 3,315	$ 441	**$ 121,125**
2020	Miscellaneous	$ 76,179	$ 1,539	$ 4,770	$ 2,671	$ 2,649	$ 862	$ 88,670
	Probation	3,381	168	210	136	113	-	4,008
	Safety	13,593	2,444	1,734	2,310	406	3	20,490
	TOTAL	$ 93,153	$ 4,151	$ 6,714	$ 5,117	$ 3,168	$ 865	**$ 113,168**
2019	Miscellaneous	$ 70,981	$ 1,522	$ 3,986	$ 2,967	$ 2,821	$ 98	$ 82,375
	Probation	3,175	163	196	132	29	-	3,695
	Safety	12,697	2,092	1,144	2,166	442	20	18,561
	TOTAL	$ 86,853	$ 3,777	$ 5,326	$ 5,265	$ 3,292	$ 118	**$ 104,631**
2018	Miscellaneous	$ 64,336	$ 1,462	$ 3,571	$ 3,178	$ 1,613	$ 50	$ 74,210
	Probation	2,898	159	190	129	82	-	3,458
	Safety	11,886	1,885	1,084	2,034	62	10	16,961
	TOTAL	$ 79,120	$ 3,506	$ 4,845	$ 5,341	$ 1,757	$ 60	**$ 94,629**
2017	Miscellaneous	$ 58,698	$ 1,422	$ 3,402	$ 2,839	$ 1,970	$ 746	$ 69,077
	Probation	2,623	139	185	-	426	-	3,373
	Safety	10,753	1,744	848	2,399	461	2	16,207
	TOTAL	$ 72,074	$ 3,305	$ 4,435	$ 5,238	$ 2,857	$ 748	**$ 88,657**
2016	Miscellaneous	$ 54,584	$ 1,385	$ 3,256	$ 2,244	$ 1,796	$ 237	$ 63,502
	Probation	2,553	120	126	-	219	2	3,020
	Safety	9,486	1,709	774	1,957	232	4	14,162
	TOTAL	$ 66,623	$ 3,214	$ 4,156	$ 4,201	$ 2,247	$ 243	**$ 80,684**
2015	Miscellaneous	$ 50,845	$ 1,371	$ 2,999	$ 1,792	$ 1,456	$ 628	$ 59,091
	Probation	2,261	136	117	-	6	-	2,520
	Safety	8,690	1,643	708	1,880	151	371	13,443
	TOTAL	$ 61,796	$ 3,150	$ 3,824	$ 3,672	$ 1,613	$ 999	**$ 75,054**
2014	Miscellaneous	$ 46,500	$ 1,353	$ 2,760	$ 1,332	$ 1,311	$ 300	$ 53,556
	Probation	1,923	146	99	-	60	1	2,229
	Safety	7,763	1,473	682	2,132	258	2	12,310
	TOTAL	$ 56,186	$ 2,972	$ 3,541	$ 3,464	$ 1,629	$ 303	**$ 68,095**
2013	Miscellaneous	$ 42,243	$ 1,315	$ 2,629	$ 1,333	$ 1,798	$ 146	$ 49,464
	Probation	1,727	143	94	-	263	-	2,227
	Safety	6,949	1,421	629	1,754	313	4	11,070
	TOTAL	$ 50,919	$ 2,879	$ 3,352	$ 3,087	$ 2,374	$ 150	**$ 62,761**

Source: SLOCPT detailed retiree payroll journals 2013-2022 data

San Luis Obispo County Pension Trust

Average Benefit Payments by Years of Credited Service

Last 10 fiscal years

Retirement Effective Dates		Years Credited Service 0-5	6-10	11-15	16-20	21-25	26-30	30+
1/1/2022 - 12/31/2022	Average Monthly Benefit	$ 1,554.53	$ 1,622.06	$ 2,584.31	$ 3,249.42	$ 4,624.23	$ 5,568.59	$ 6,197.89
	Average Final Average Salary	$ 7,747.46	$ 7,181.99	$ 7,355.09	$ 7,518.87	$ 8,075.63	$ 7,479.16	$ 7,475.98
	Number of Active Retirees	11	26	23	20	18	13	15
1/1/2021 - 12/31/2021	Average Monthly Benefit	$ 745.14	$ 1,138.75	$ 2,170.55	$ 3,264.10	$ 5,216.67	$ 5,965.33	$ 6,548.23
	Average Final Average Salary	$ 10,428.01	$ 6,037.76	$ 6,121.00	$ 7,011.44	$ 8,469.77	$ 8,094.41	$ 7,970.06
	Number of Active Retirees	12	27	17	29	26	14	11
1/1/2020 - 12/31/2020	Average Monthly Benefit	$ 391.85	$ 1,280.19	$ 2,369.42	$ 3,296.22	$ 4,705.88	$ 5,866.84	$ 7,515.10
	Average Final Average Salary	$ 8,635.77	$ 6,135.04	$ 6,973.92	$ 7,170.99	$ 8,020.30	$ 8,228.44	$ 9,032.76
	Number of Active Retirees	7	20	24	24	21	27	13
1/1/2019 - 12/31/2019	Average Monthly Benefit	$ 493.07	$ 1,244.32	$ 2,068.43	$ 2,949.22	$ 4,799.69	$ 5,299.73	$ 5,739.78
	Average Final Average Salary	$ 6,374.46	$ 6,231.25	$ 5,866.78	$ 6,593.79	$ 8,117.29	$ 7,660.11	$ 6,982.06
	Number of Active Retirees	2	20	14	39	18	19	8
1/1/2018 - 12/31/2018	Average Monthly Benefit	$ 409.83	$ 1,540.43	$ 2,077.05	$ 3,141.36	$ 4,412.63	$ 5,570.06	$ 8,239.11
	Average Final Average Salary	$ 8,031.99	$ 6,611.33	$ 6,210.09	$ 6,307.72	$ 7,264.65	$ 7,587.95	$ 9,356.42
	Number of Active Retirees	12	23	36	35	21	22	12
1/1/2017 - 12/31/2017	Average Monthly Benefit	$ 378.74	$ 1,262.66	$ 2,199.64	$ 3,407.49	$ 4,313.69	$ 6,273.46	$ 4,940.17
	Average Final Average Salary	$ 8,948.53	$ 6,414.16	$ 6,556.10	$ 6,797.64	$ 7,368.66	$ 8,314.33	$ 6,185.87
	Number of Active Retirees	7	22	27	23	27	34	19
1/1/2016 - 12/31/2016	Average Monthly Benefit	$ 424.73	$ 1,313.71	$ 1,790.75	$ 2,889.70	$ 4,209.62	$ 5,416.97	$ 5,752.62
	Average Final Average Salary	$ 6,777.47	$ 6,564.35	$ 5,582.02	$ 5,965.96	$ 6,700.09	$ 7,073.04	$ 7,459.94
	Number of Active Retirees	10	24	26	28	11	33	10
1/1/2015 - 12/31/2015	Average Monthly Benefit	$ 577.87	$ 1,060.62	$ 1,955.17	$ 2,921.47	$ 4,092.69	$ 4,771.88	$ 6,588.28
	Average Final Average Salary	$ 8,609.65	$ 5,627.75	$ 5,583.10	$ 5,984.86	$ 6,935.85	$ 6,370.70	$ 7,792.99
	Number of Active Retirees	11	26	33	27	14	29	14
1/1/2014 - 12/31/2014	Average Monthly Benefit	$ 128.30	$ 1,205.16	$ 1,915.27	$ 2,736.06	$ 4,481.47	$ 5,238.35	$ 5,347.19
	Average Final Average Salary	$ 5,183.10	$ 5,887.71	$ 5,802.38	$ 5,501.43	$ 6,759.59	$ 7,042.32	$ 6,209.47
	Number of Active Retirees	5	39	31	35	25	28	12
1/1/2013 - 12/31/2013	Average Monthly Benefit	$ 384.94	$ 1,145.55	$ 1,875.07	$ 2,726.88	$ 3,812.09	$ 6,676.43	$ 7,587.61
	Average Final Average Salary	$ 6,145.60	$ 5,575.87	$ 5,727.70	$ 6,355.97	$ 6,138.44	$ 8,697.89	$ 8,723.62
	Number of Active Retirees	11	27	48	16	23	9	6

Note: Data reported for Service, DROP, and Disability Retirees

Source: SLOCPT Pension Administration System of record and monthly Reports of Retirement reported to the Board of Trustees

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount

as of December 31, 2022

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	TOTAL	% of Total
$0-$9,999						
Miscellaneous	370	21	68	1	460	14.2%
Probation	10	-	-	-	10	0.3%
Safety	21	-	1	-	22	0.7%
subtotal	**401**	**21**	**69**	**1**	**492**	**15.2%**
$10,000-$19,999						
Miscellaneous	527	28	58	1	614	19.0%
Probation	8	-	-	-	8	0.2%
Safety	24	-	7	1	32	1.0%
subtotal	**559**	**28**	**65**	**2**	**654**	**20.2%**
$20,000-$29,999						
Miscellaneous	405	28	29	6	468	14.5%
Probation	10	1	3	-	14	0.5%
Safety	24	4	8	-	36	1.1%
subtotal	**439**	**33**	**40**	**6**	**518**	**16.1%**
$30,000-$39,999						
Miscellaneous	291	5	22	1	319	9.9%
Probation	6	2	-	-	8	0.2%
Safety	21	15	5	1	42	1.3%
subtotal	**318**	**22**	**27**	**2**	**369**	**11.4%**
$40,000-$49,999						
Miscellaneous	209	3	12	7	231	7.1%
Probation	6	3	1	-	10	0.3%
Safety	16	17	9	3	45	1.4%
subtotal	**231**	**23**	**22**	**10**	**286**	**8.8%**
$50,000-$59,999						
Miscellaneous	162	-	10	5	177	5.5%
Probation	9	-	3	-	12	0.4%
Safety	24	12	5	2	43	1.3%
subtotal	**195**	**12**	**18**	**7**	**232**	**7.2%**

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2022

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$60,000-$69,999						
Miscellaneous	114	1	6	8	129	4.0%
Probation	11	-	-	-	11	0.3%
Safety	27	2	-	3	32	1.0%
subtotal	**152**	**3**	**6**	**11**	**172**	**5.3%**
$70,000-$79,999						
Miscellaneous	104	-	4	2	110	3.4%
Probation	4	-	-	-	4	0.1%
Safety	29	5	-	5	39	1.2%
subtotal	**137**	**5**	**4**	**7**	**153**	**4.7%**
$80,000-$89,999						
Miscellaneous	59	-	2	8	69	2.1%
Probation	5	-	-	-	5	0.2%
Safety	26	2	1	4	33	1.0%
subtotal	**90**	**2**	**3**	**12**	**107**	**3.3%**
$90,000-$99,999						
Miscellaneous	42	-	1	2	45	1.4%
Probation	1	-	-	-	1	0.0%
Safety	21	3	-	2	26	0.8%
subtotal	**64**	**3**	**1**	**4**	**72**	**2.2%**
$100,000+						
Miscellaneous	122	-	3	6	131	4.0%
Probation	6	-	-	-	6	0.2%
Safety	35	3	2	4	44	1.4%
subtotal	**163**	**3**	**5**	**10**	**181**	**5.6%**
CUMULATIVE TOTAL						
Miscellaneous	**2,405**	**86**	**215**	**47**	**2,753**	**85.1%**
Probation	**76**	**6**	**7**	**-**	**89**	**2.7%**
Safety	**268**	**63**	**38**	**25**	**394**	**12.2%**
	2,749	**155**	**260**	**72**	**3,236**	**100.0%**

Note: Domestic Relations Order (DRO) benefits have been included in this table under the original benefit type.

Source: SLOCPT Pension Administration Software (PensionGold)

San Luis Obispo County Pension Trust

Member Data

Last 10 fiscal years

As of most recent completed actuarial valuation dated January 1, 2022, based on data as of December 31, 2021.

Active Members (all classes)	Average Age	Average Service	Average Annual Pay
2021	44.2	8.6	$ 80,699
2020	44.3	8.7	77,923
2019	44.4	8.9	74,743
2018	44.7	9.1	73,592
2017	45.1	9.3	72,317
2016	45.5	9.7	69,166
2015	46.1	10.1	67,844
2014	46.6	10.4	65,763
2013	47.1	10.9	65,333
2012	47.4	10.9	65,851

Number of Members	Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
2021	2,776	605	3,028	144	6,553
2020	2,747	573	2,924	146	6,390
2019	2,752	531	2,823	145	6,251
2018	2,725	489	2,727	141	6,082
2017	2,722	464	2,608	137	5,931
2016	2,675	460	2,481	137	5,753
2015	2,609	450	2,382	135	5,576
2014	2,550	451	2,262	139	5,402
2013	2,521	460	2,117	133	5,231
2012	2,495	445	2,015	132	5,087

Source: SLOCPT annual actuarial valuations
- Data as of December 31 each year

San Luis Obispo County Pension Trust

Covered Employees by Employer

Last 10 fiscal years

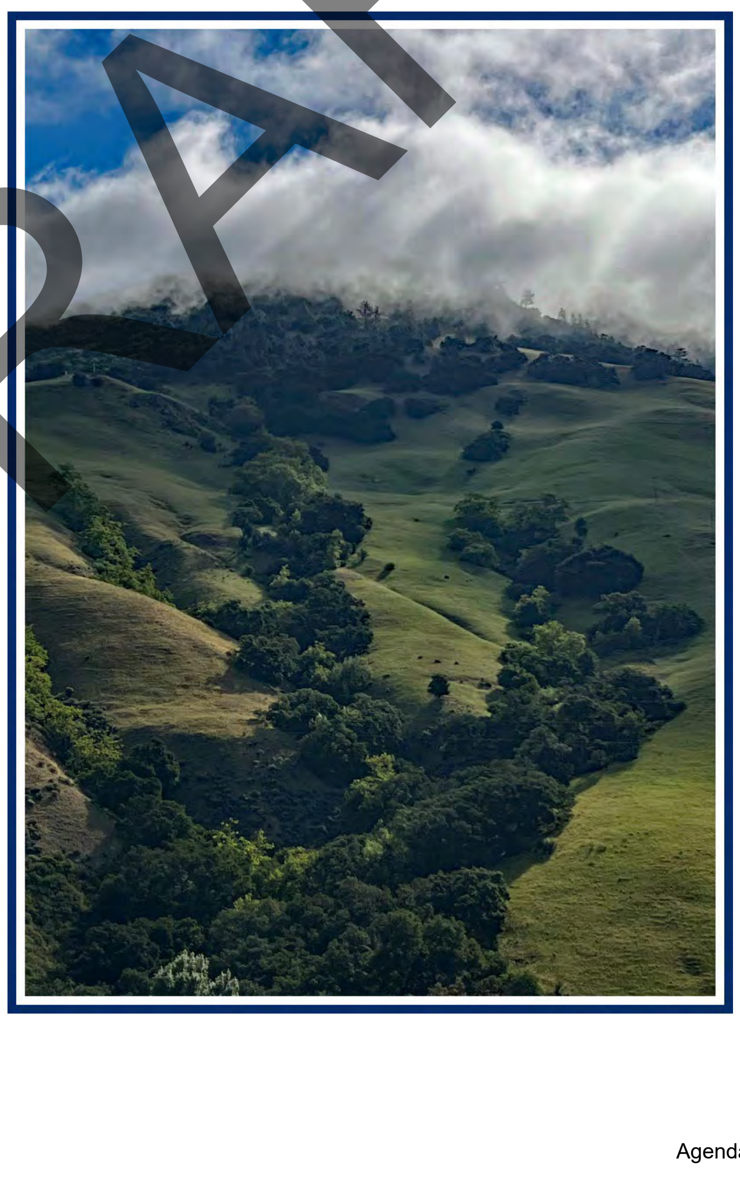
Active Members (all classes)	San Luis Obispo County	Superior Court of CA	Air Pollution Control District	Local Agency Formation Comm.	(a) RTA	SLOCPT	TOTAL
2022							
Tier 1	707	65	10	-	-	1	783
Tier 2	259	-	1	-	6	2	268
Tier 3	1,685	70	10	3	6	5	1,779
Total	**2,651**	**135**	**21**	**3**	**12**	**8**	**2,830**
% of total	93.7%	4.8%	0.7%	0.1%	0.4%	0.3%	
2021							
Tier 1	801	70	9	-	-	1	881
Tier 2	280	-	1	-	6	2	289
Tier 3	1,526	56	10	3	6	5	1,606
Total	**2,607**	**126**	**20**	**3**	**12**	**8**	**2,776**
% of total	93.9%	4.6%	0.7%	0.1%	0.4%	0.3%	
2020							
Tier 1	905	77	10	-	-	1	993
Tier 2	293	-	-	-	6	2	301
Tier 3	1,386	45	10	1	6	5	1,453
Total	**2,584**	**122**	**20**	**1**	**12**	**8**	**2,747**
% of total	94.1%	4.5%	0.7%	0.0%	0.4%	0.3%	
2019							
Tier 1	1,031	85	14	2	-	1	1,133
Tier 2	296	-	-	-	-	2	298
Tier 3	1,268	41	6	1	-	5	1,321
Total	**2,595**	**126**	**20**	**3**	**-**	**8**	**2,752**
% of total	94.3%	4.6%	0.7%	0.1%	0.0%	0.3%	
2018							
Tier 1	1,140	90	16	3	-	1	1,250
Tier 2	309	-	-	-	-	2	311
Tier 3	1,122	33	4	-	-	5	1,164
Total	**2,571**	**123**	**20**	**3**	**-**	**8**	**2,725**
% of total	94.4%	4.5%	0.7%	0.1%	0.0%	0.3%	
2017							
Tier 1	1,284	97	20	3	-	1	1,405
Tier 2	312	-	-	-	-	2	314
Tier 3	974	22	4	-	-	4	1,004
Total	**2,570**	**119**	**24**	**3**	**-**	**7**	**2,723**
% of total	94.3%	4.4%	0.9%	0.1%	0.0%	0.3%	
2016							
Tier 1	1,426	110	21	3	-	2	1,562
Tier 2	313	-	-	-	-	2	315
Tier 3	769	22	3	-	-	4	798
Total	**2,508**	**132**	**24**	**3**	**-**	**8**	**2,675**
% of total	93.8%	4.9%	0.9%	0.1%	0.0%	0.3%	
2015							
Tier 1	1,568	114	21	3	-	2	1,708
Tier 2	306	-	-	-	-	3	309
Tier 3	571	17	1	-	-	3	592
Total	**2,445**	**131**	**22**	**3**	**-**	**8**	**2,609**
% of total	93.7%	5.0%	0.9%	0.1%	0.0%	0.3%	
2014							
Tier 1	1,712	119	24	3	-	3	1,861
Tier 2	301	-	-	-	-	1	302
Tier 3	380	5	-	-	-	2	387
Total	**2,393**	**124**	**24**	**3**	**-**	**6**	**2,550**
% of total	93.8%	5.0%	0.9%	0.1%	0.0%	0.2%	
2013							
Tier 1	1,884	129	24	3	-	5	2,045
Tier 2	281	-	-	-	-	1	282
Tier 3	189	4	-	-	-	1	194
Total	**2,354**	**133**	**24**	**3**	**-**	**7**	**2,521**
% of total	93.4%	5.3%	0.9%	0.1%	0.0%	0.3%	

(a) In 2020, the San Luis Obispo County Regional Transit Authority (RTA) became a contract agency with SLOCPT.

Source: SLOCPT payroll records - as of December 31st of each year

San Luis Obispo County
Pension Trust

San Luis Obispo County
Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465
www.slocounty.ca.gov/Departments/Pension-Trust.aspx



Board of Trustees

1000 Mill Street
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San Luis Obispo County
Pension Trust
SLOCPT

Date: June 26, 2023

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 10: January 1, 2023 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Presentation** – by Cheiron – Plan Actuary
- **Draft January 1, 2023 Annual Actuarial Valuation** prepared by Cheiron – the Plan Actuary - with additional supplementary tables of data.
- **Deferred Implementation Date** for rate increases and adjusted amounts of pension contribution rate increase as well as allocation of rate increases by class of Member (Miscellaneous, Probation, Safety).
- **Pension Contribution Rate Increase History – 2017-2023**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2023 Actuarial Valuation.
2. Approve the transfer of $7,295,393 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Valuation (page A-3).
3. Approve the recommendation of the Plan Actuary to increase the current level of County Appropriation and Employee Contribution rates such that a **Total Contribution Rate of 52.81% effective January 1, 2023 is received - an increase of 0.48% over the current 52.33% Charged Rate of contributions as of 1/1/23** as recommended by Cheiron in the Executive Summary section of the Valuation (page 6).

a. This increase is subject to delayed implementation as may be requested by the Plan Sponsors, with adjustments to the rate calculated by Cheiron to account for the deferred implementation. In addition, this rate increase is the aggregate pension contribution rate increase for all classes of Members. Different contribution rate increases are recommended for Miscellaneous, Probation and Safety classes of Members due to their differing benefit formulas.

b. **See the attached Deferred Implementation Date exhibit to this memo for the applicable pension contribution rate increases.**

2023 Actuarial Valuation Results:

Table I-1
Summary of Key Valuation Results
($ in thousands)

	January 1, 2022	January 1, 2023	Change
Membership			
Active Members	2,776	2,830	2.0%
Retirees and Beneficiaries	3,172	3,236	2.0%
Deferred Vesteds and Inactives	861	981	13.9%
Total	6,809	7,047	3.5%
Total Projected Payroll	$ 224,010,000	$ 242,067,000	8.1%
Average Pay	$ 80,695	$ 85,536	6.0%
Funded Status			
Actuarial Liability	$ 2,498,107	$ 2,622,192	5.0%
Actuarial Value of Assets (AVA)	1,619,357	1,679,561	3.7%
Unfunded Actuarial Liability (UAL)	$ 878,750	$ 942,631	7.3%
Funding Ratio (AVA Basis)	64.8%	64.1%	-0.7%
Market Value of Assets (MVA)	$ 1,749,963	$ 1,594,492	-8.9%
Unfunded Actuarial Liability (MVA Basis)	748,144	1,027,700	37.4%
Funding Ratio (MVA Basis)	70.1%	60.8%	-9.3%
Actuarially Determined Contributions			
Total Normal Cost	21.62%	21.24%	-0.38%
Administrative Expenses	1.06%	1.01%	-0.05%
Unfunded Actuarial Liability Payment			
Interest on UAL	26.48%	26.29%	-0.19%
Principal	3.32%	4.27%	0.95%
Total UAL Payment	29.80%	30.56%	0.76%
Total Actuarially Determined Contribution	52.48%	52.81%	0.33%

Contribution Rate:

Actuarially Determined Contribution (ADC) increase = 0.33%.
The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) to **52.81%** from 52.48% (prior year ADC), effective January 1, 2023 as shown in Table I-3 on page 6 of the attached 2023 Actuarial Valuation.

The sources of this **increase in the ADC** are discussed below and in Table I-4 on page 7 of the attached 2023 Actuarial Valuation. The increases shown below are expressed as a percent of pay.

1. Actuarial investment loss – Contribution Impact = + 0.76%

2. Tier 3 (PEPRA) new hires replacing Tier 1 and Tier 2 terminations – Contribution Impact = -0.38 % of pay

3. Effect of payroll growth being larger than expected which leads to more of the UAL being paid down – Contribution impact = -1.45% of pay

4. Contribution timing lag due to delayed implementation of 2022 valuation rate increase – Contribution impact = + 0.17 %% of pay

5. Demographic Experience mainly driven by Tier 1 retiree COLA and active member salary increases being above assumptions – Contribution impact = +1.23 % of pay

6. Changes in Actuarial Assumptions (see previously published Experience Study for more details – NA – no assumptions changed for 2023 valuation.

Recommended Pension Contribution Rate Increase = 0.48 %
This reflects the 0.33 % increase in the ADC as discussed above. It also reflects that the Charged Rate of contributions as of 1/1/23 is 52.33 % - slightly below the planned ADC for 2022 of 52.48%. Rate increase history is included in the attached Pension Contribution Rate Increase History – 2017-2023.

See page 10 of the attached Actuarial Valuation regarding the historical pension contribution rates.

Pension Contribution Rate Increases – Deferred Implementation
Note that the actual Pension Contribution Rate increase depends on the implementation date chosen by the Plan Sponsors. The rate increase discussed above is as of January 1, 2023. For practical reasons, the actual change in contribution rates normally takes place on a deferred date – typically July 1st of the following year. This aids budget planning and payroll implementation. In the case of Deferred Implementation, the rate increases are adjusted upwards to make them actuarially equivalent to the rate needed January 1, 2023. For example, if the aggregate increase of 0.48% were to be implemented July 1, 2024, the aggregate increase would be **0.73**%.

Any changes to pension contribution rates will naturally vary by Class of members based on the actuarial experience of each Class – Miscellaneous, Safety, or Probation. The contribution rate increases for each Class are –

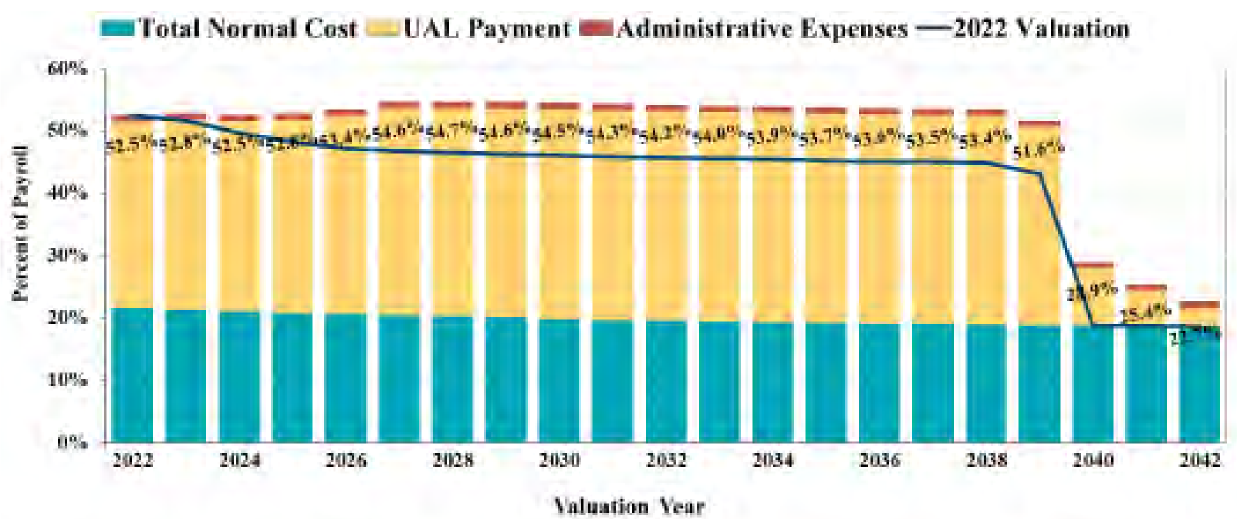
	Jan. 1, 2023	If implemented July 1, 2024
Miscellaneous	+0.20 %	**+0.43%**
Probation	-0.09 %	**+ 0.16%**
Safety	+2.91 %	**+3.27%**
Total aggregate	+0.48%	**+0.73%**

See the attached Deferred Implementation Date exhibit for the applicable pension contribution rate increases.

Funded Ratio and UAL:

The valuation results also indicate that the funded ratio of the Plan – Actuarial Accrued Liabilities (AAL) vs. Actuarial Value of Assets (AVA) has declined from 64.8% in 2022 to **64.1**% in 2023. See Table I-2 on page 5 of the attached Actuarial Valuation for further detail on the sources of the decrease. The Unfunded Actuarial Liability (UAL) increased from $878,750 in 2022 to $942,631 in 2023. See Table I-1 on page 4 of the attached Actuarial Valuation for the UAL.

Projected ADC:



The Baseline projections of assets and liabilities and funded ratio are shown in the following graph. The elements of the ADC pension cost are –

See page 11 of the attached Actuarial Valuation for information on forecasted pension contribution rates. Note that these projections have many assumptions including –

- The Discount Rate used to calculate pension liabilities remains at 6.75%.
- The Inflation assumption used remains at 2.50%.
- All actuarial assumptions are fully met each year.

Respectfully submitted,

San Luis Obispo County Pension Trust

2023 Actuarial Valuation Results

June 26, 2023

Anne D. Harper, FSA, EA, MAAA
Tim Hall, FSA, EA, MAAA, CERA

Agenda Item 10

Topics for Discussion

- 2023 Valuation Results
- Changes Since Last Valuation
- Development of Actuarial Value of Assets
- Historical Review
- Projections

2023 Valuation Results

- Investment returns for 2022 were less than favorable
  - -7.7% based on the market value of assets (MVA)
  - 5.1% based on the actuarial value of assets (AVA)
  - MVA is about 5% lower than the AVA
  - $85 million in deferred asset losses

- Projected payroll grew by 8.1% to $242.1 million
  - Payroll growth expected to increase by only 3.0%
  - Active membership grew 2.0% from 2,776 to 2,830
  - Actives members received larger pay increases than expected, primary source of liability loss

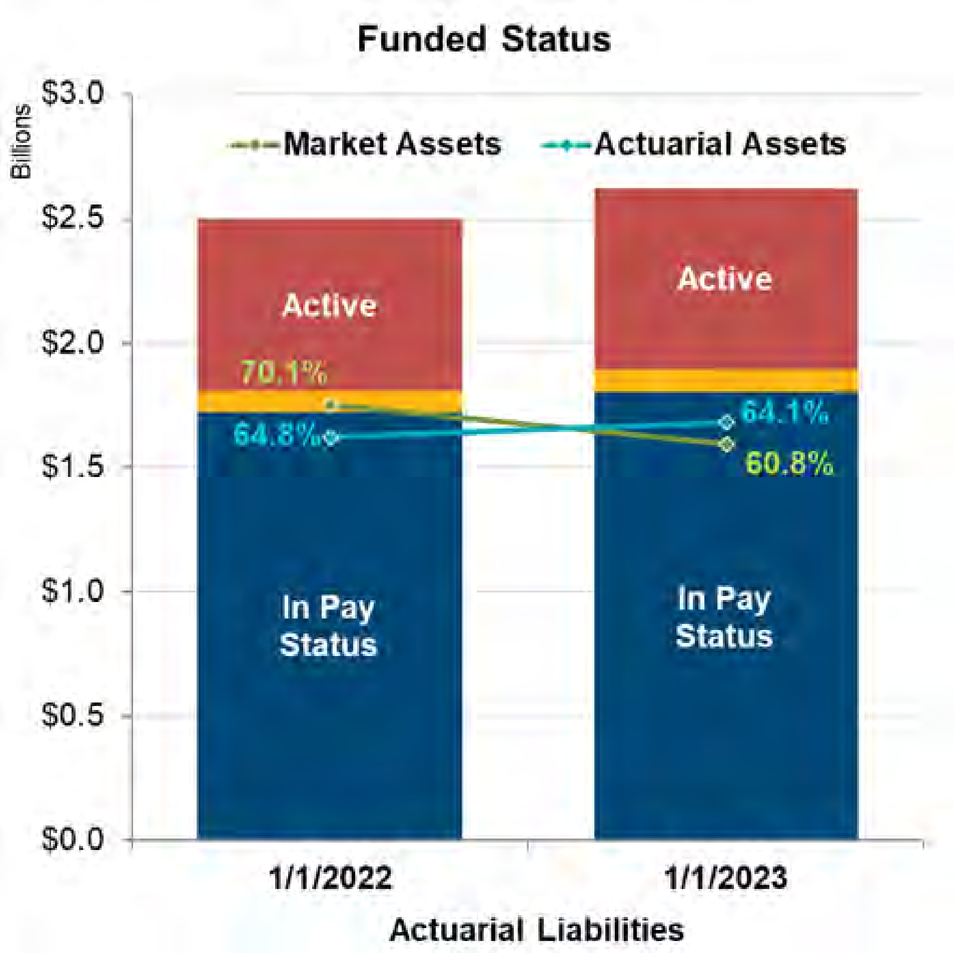
- Total Actuarially Determined Contribution (ADC) increased from 52.48% to 52.81%, lower than the projected 53.18% from the March Board Meeting

Actuarial Valuation Overview

Should answer three questions:

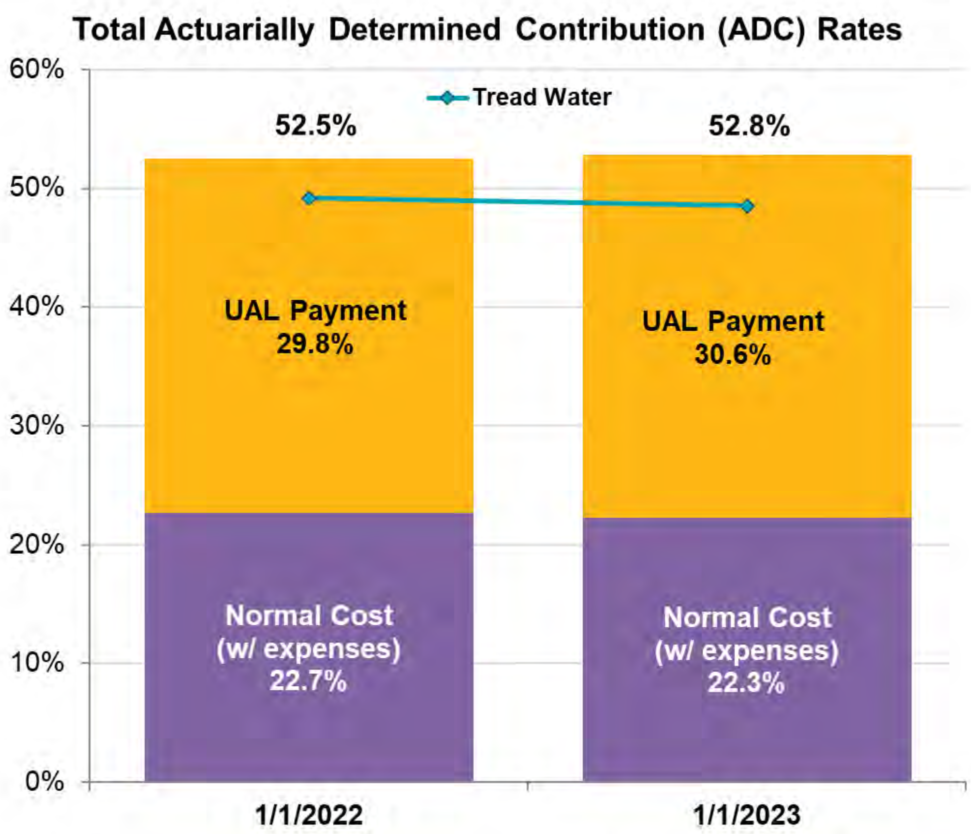
1) Where are you now?
2) Where have you been?
3) Where are you going?

2023 Valuation Results



- Funded Ratios dropped, both on a smoothed actuarial and market basis
  - AVA from 64.8% to 64.1%
  - MVA from 70.1% to 60.8%
- Unfunded Actuarial Liabilities (UAL) Increased
  - AVA from $879 million to $943 million
  - MVA from $748 million to $1,028 million
- Members in pay status account for **almost 70%** of the Actuarial Liability

2023 Valuation Results



- Slight increase in total ADC due to increase in the UAL payment
- Contributions above the teal "Tread Water" line pay down principal on the UAL

2023 Valuation Results

Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate		
Valuation Date	**January 1, 2022**	**January 1, 2023**
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	21.62%	21.24%
2. Member Contributions	17.55%	17.22%
3. Employer Normal Cost [(1) - (2)]	4.07%	4.02%
4. UAL Amortization Payment	29.80%	30.56%
5. Employer Contribution Rate [(3) + (4)]	33.87%	34.58%
6. Administrative Expenses	1.06%	1.01%
7. **Total Actuarially Determined Contribution** [(1) + (4) + (6)]	**52.48%**	**52.81%**
Reconciliation of Charged Rate		
8. Employer Charged Rate	30.43%	32.76%
9. Member Charged Rate	17.35%	16.98%
10. Total Charged Rate [(8) + (9)]	47.78%	49.74%
11. Increase to Charged Rate[1]	2.39%	2.59%
12. **Total Charged Rate as of January 1** [(10) + (11)]	**50.17%**	**52.33%**
13. Difference in ADC and Charged Rate as of January 1 [(7) - (12)]	2.31%	0.48%

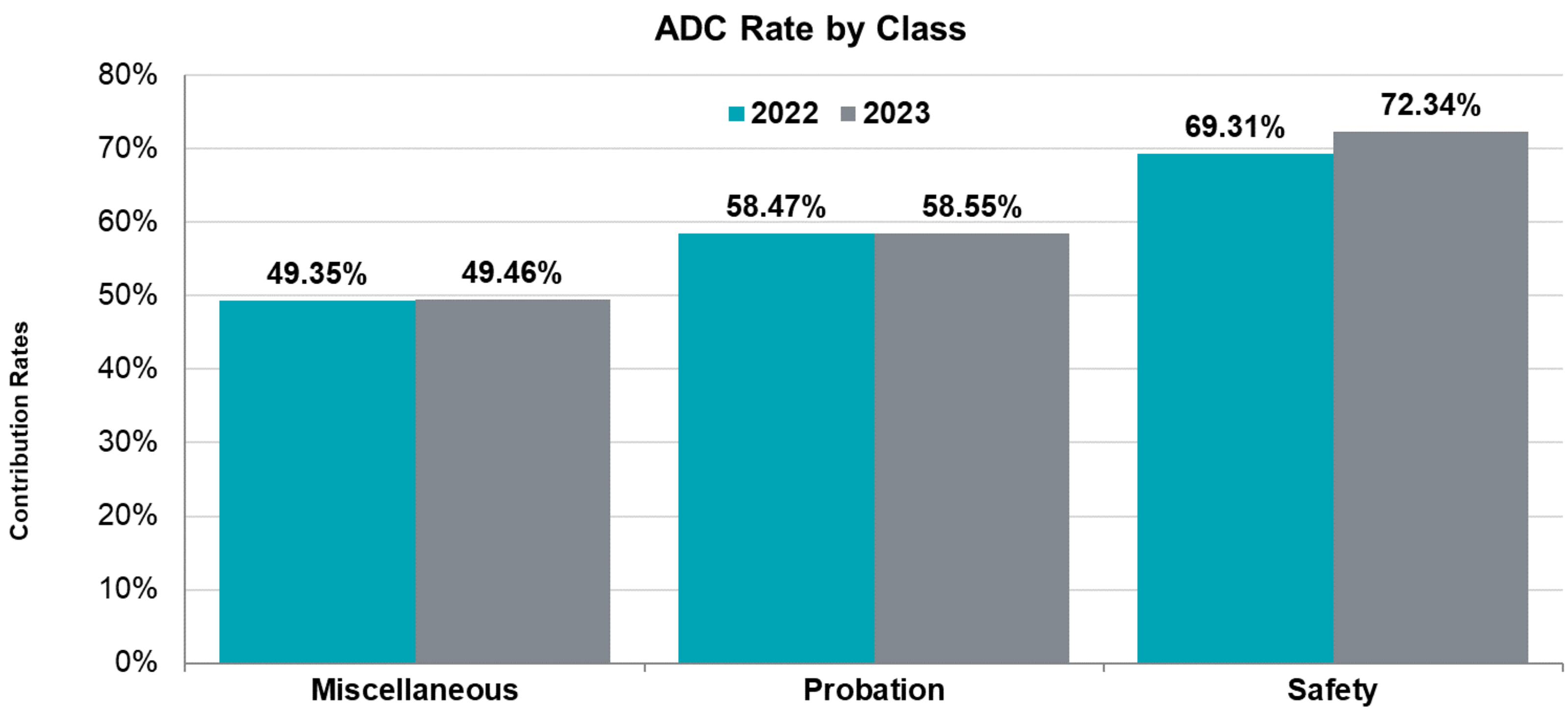
[1] *Delayed Implementation of 2021 and 2022 ADC (for most employers) to July 1, 2022 and July 1, 2023, respectively*

Changes in UAL Since Last Valuation

in millions

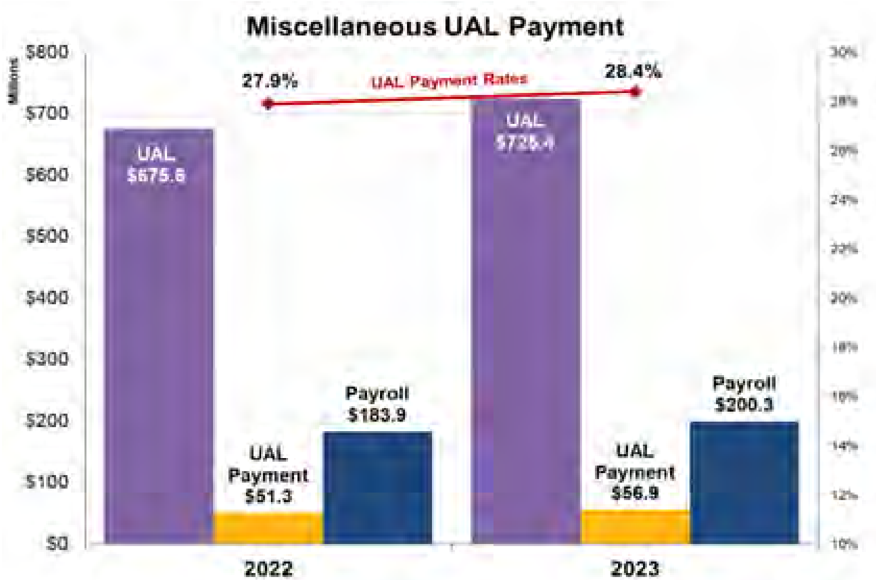
Changes in ADC Since Last Valuation

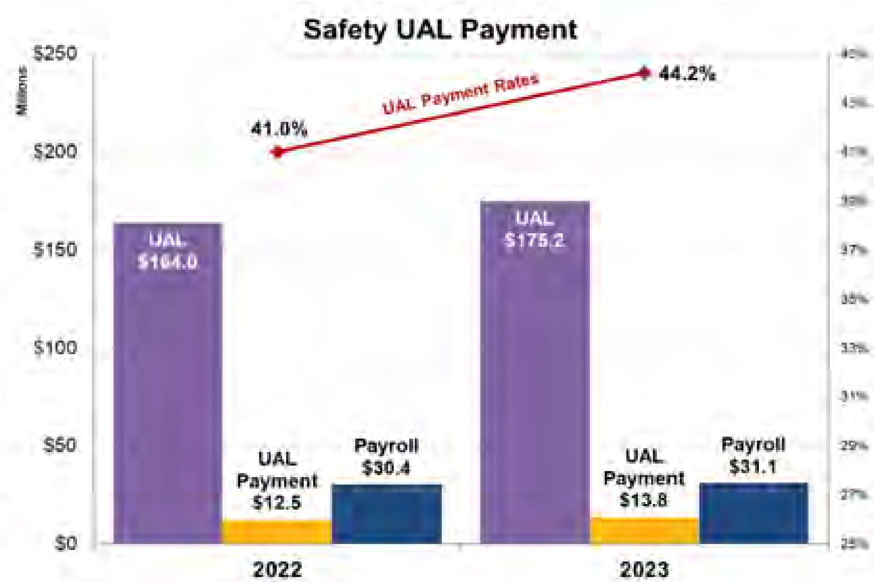
Changes Since Last Valuation



- Minimal change in the contribution rates for Miscellaneous and Probation
- However, Safety rate increased by just over 3.0%

Changes Since Last Valuation

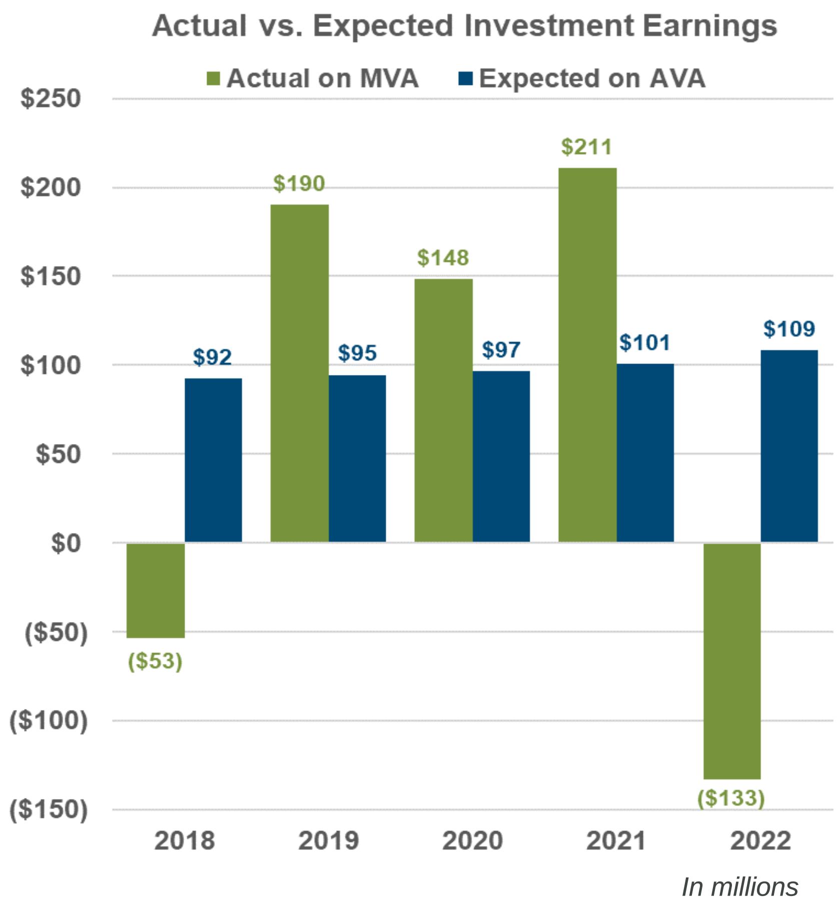


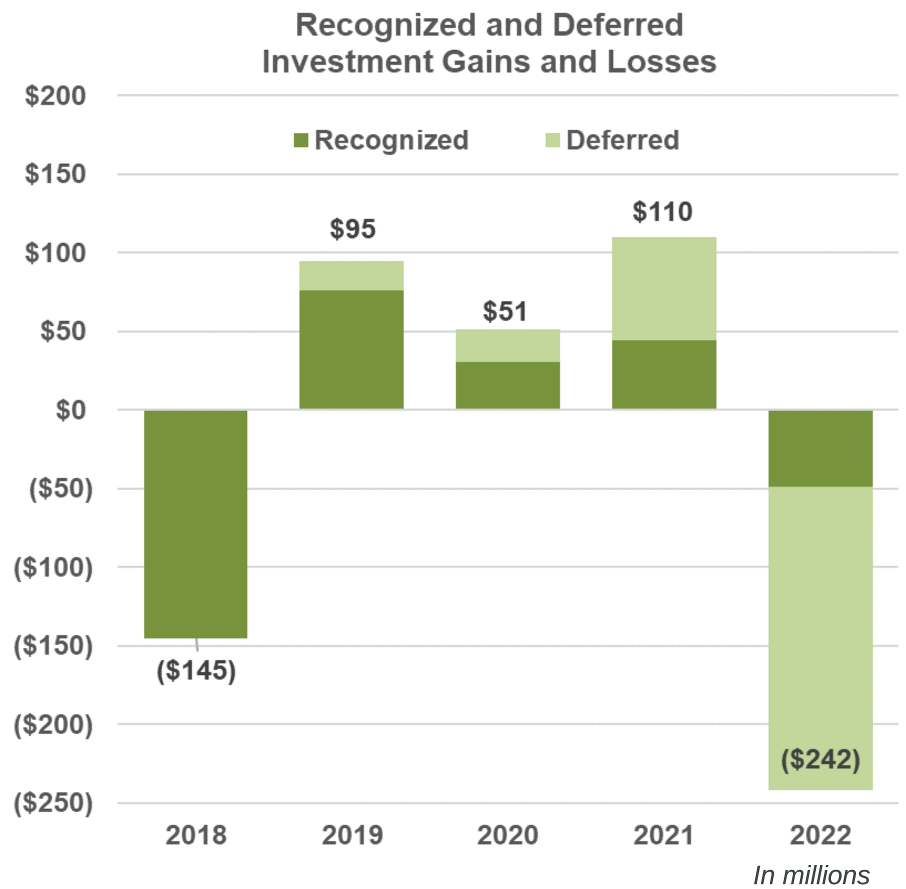


	Percentage Increase in			
Class	UAL	UAL Payment	Payroll	UAL Pmt as % of Pay
Miscellaneous	7.4%	10.9%	9.0%	1.8%
Safety	6.8%	10.4%	2.3%	7.9%

- Difference in payroll growth is source of differences in UAL payment increases
- 0.5% increase for Miscellaneous
  (27.9% to 28.4%)
- 3.2% increase for Safety
  (41.0% to 44.2%)

Development of Actuarial Value of Assets



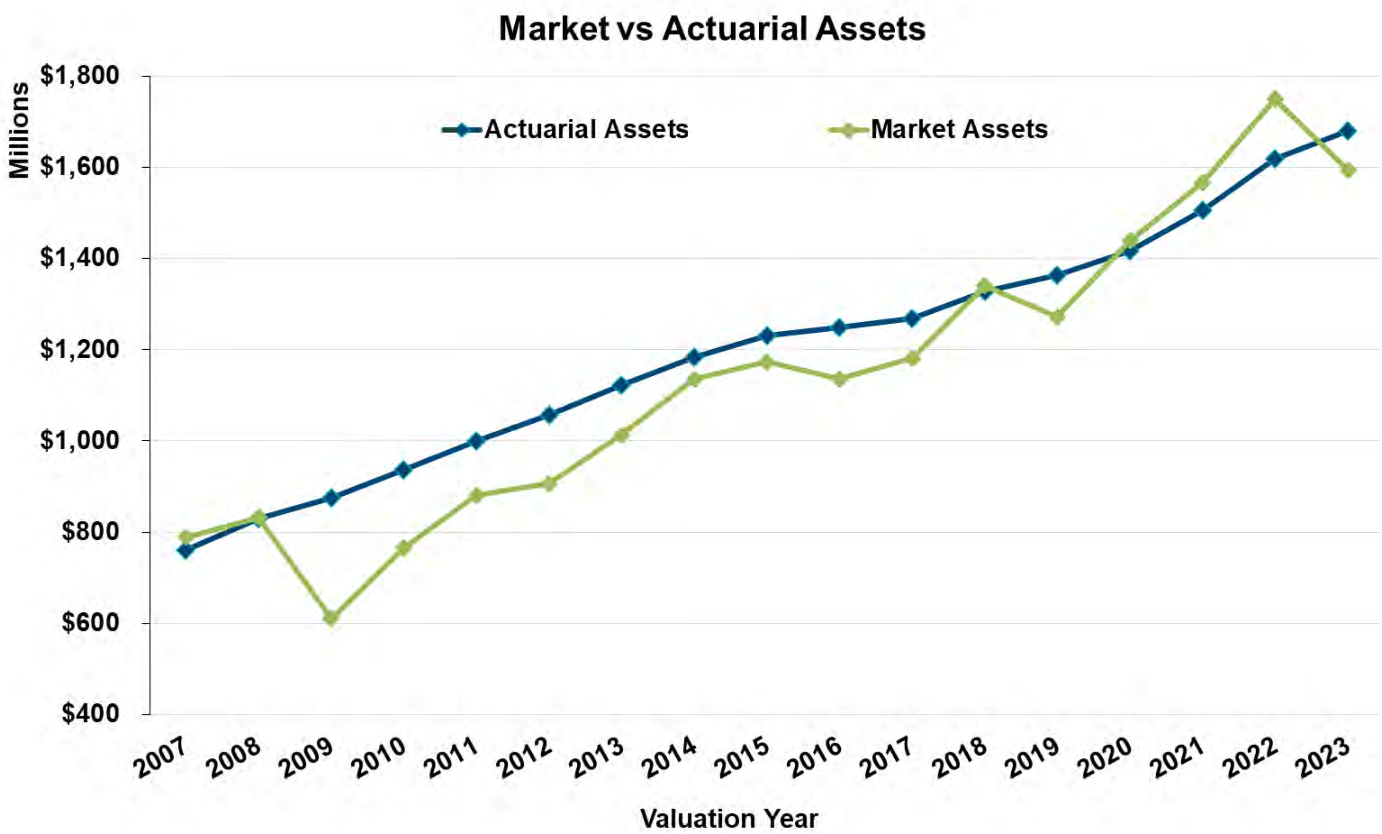


Development of Actuarial Value of Assets

January 1, 2023 Actuarial Value of Assets		
Calculate Expected Actuarial Value of Assets for 2023		
AVA of 1/1/2022	$	1,619
Non-Investment Cash Flow for FYE 2022		(22)
Expected Return on AVA for FYE 2022		109
Expected AVA as of 1/1/2023	**$**	**1,706**
Actual Return on Market Value as of FYE 2022	$	(133)
Actual MVA Return Below Expected AVA	$	(242)
20% Recognition of Last 5 Years Returns Above / (Below) Expected		
Calendar Year 2022	$	(48)
Calendar Year 2021		22
Calendar Year 2020		10
Calendar Year 2019		19
Calendar Year 2018		(29)
Total Recognition of Returns for 1/1/2023	**$**	**(26)**
Final Actuarial Value of Assets as of 1/1/2023	**$**	**1,680**
(Expected AVA + Recognition of Returns)		

In millions

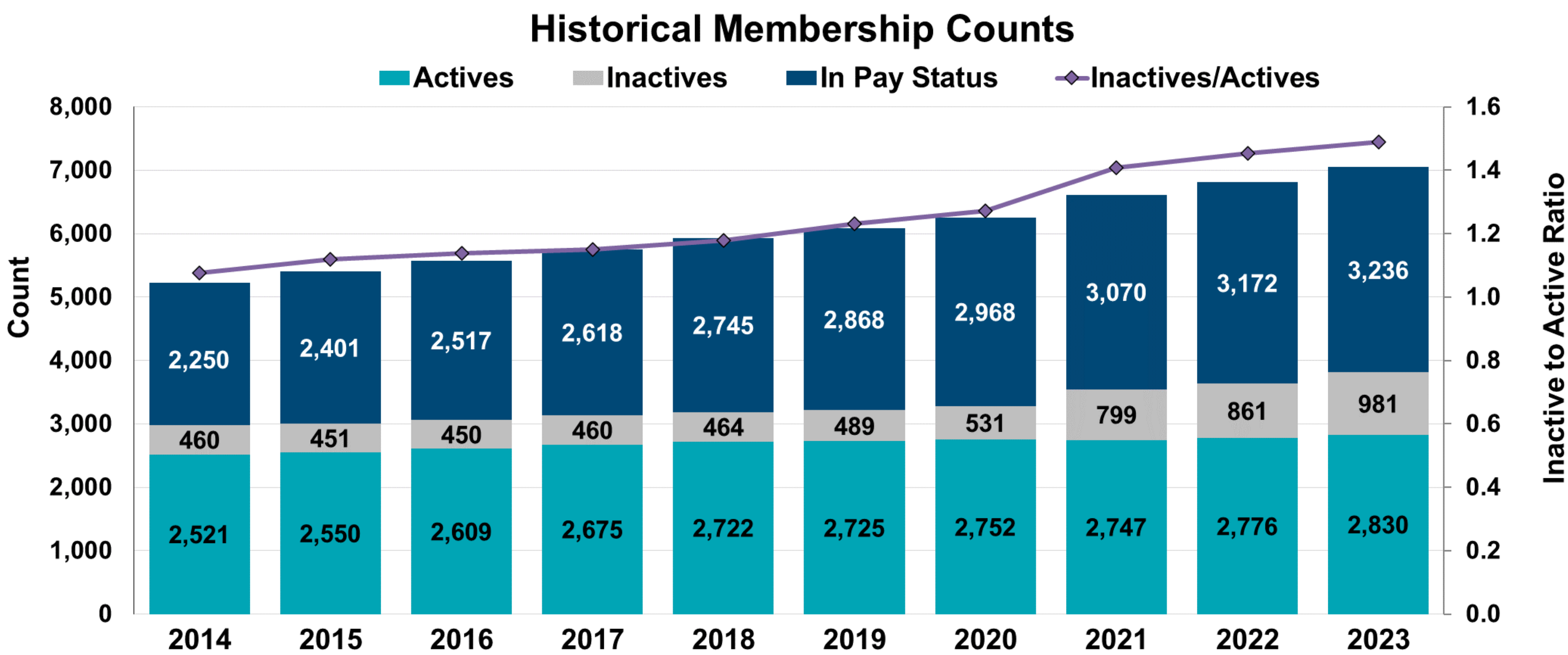
Development of Actuarial Value of Assets



- Longer recognition of the 2008 investment losses shown from 2009 to 2018
- 2020 was the first year since 2007 when the market value of assets was above the actuarial value of assets

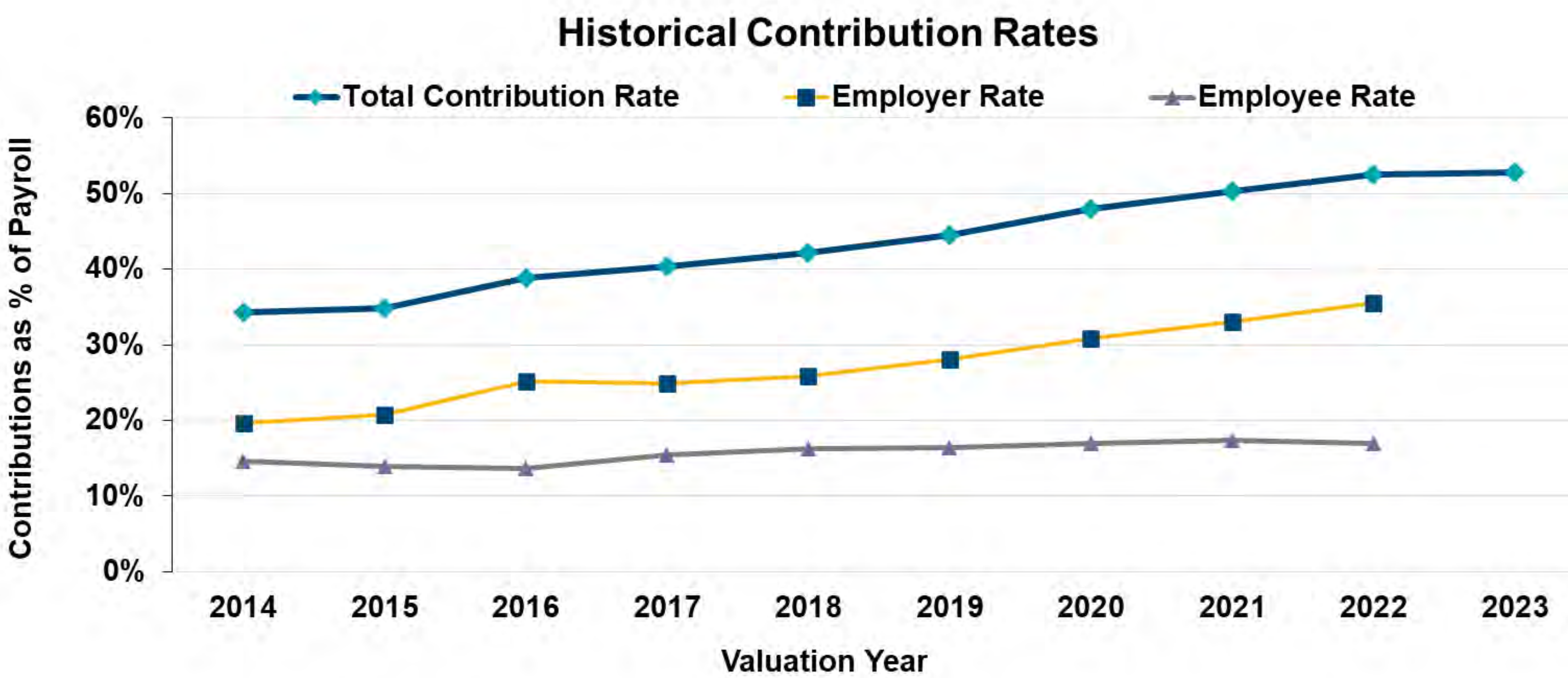
Historical Review

Historical Review - Membership



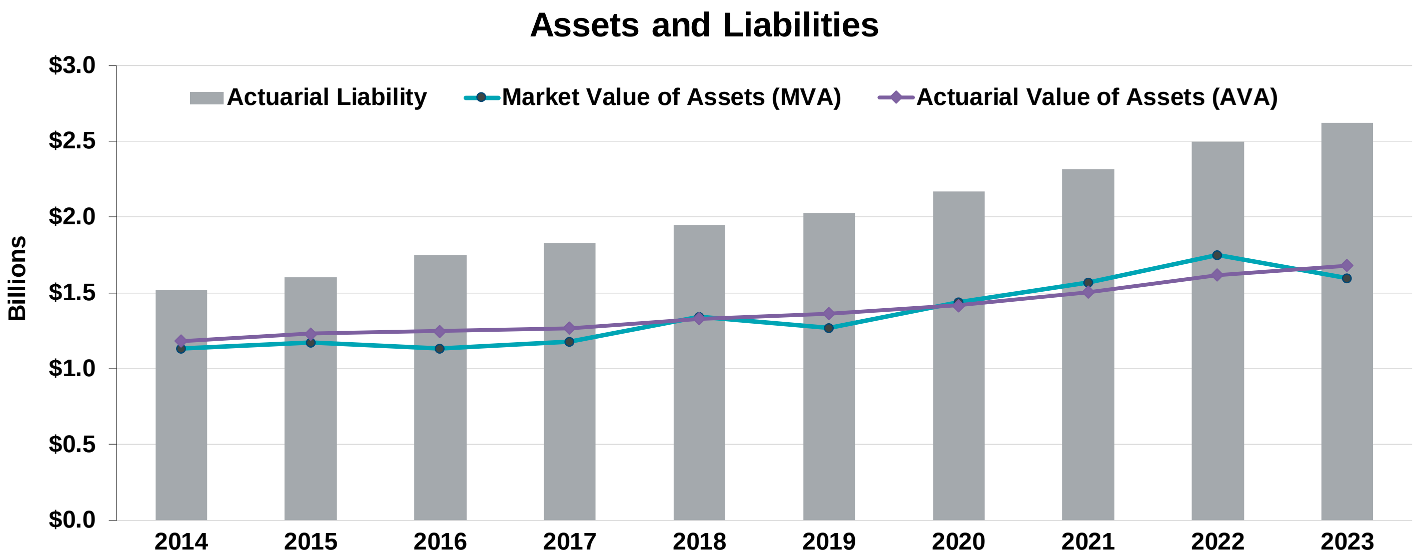
- The ratio of inactive to actives has steadily increased from 1.1 to 1.5
- Active membership increased by 12%; members in pay status increased by 44%
- Starting in 2021, inactive membership counts include non-vested members with employee contributions on account; 309 non-vested members in 2023

Historical Review - Contributions



- Contribution rates have increased from 34.2% to 52.8%, primarily due to investment losses and assumption changes
  - o 19.6% to 35.5% for employers
  - o 14.6% to 17.0% for employees

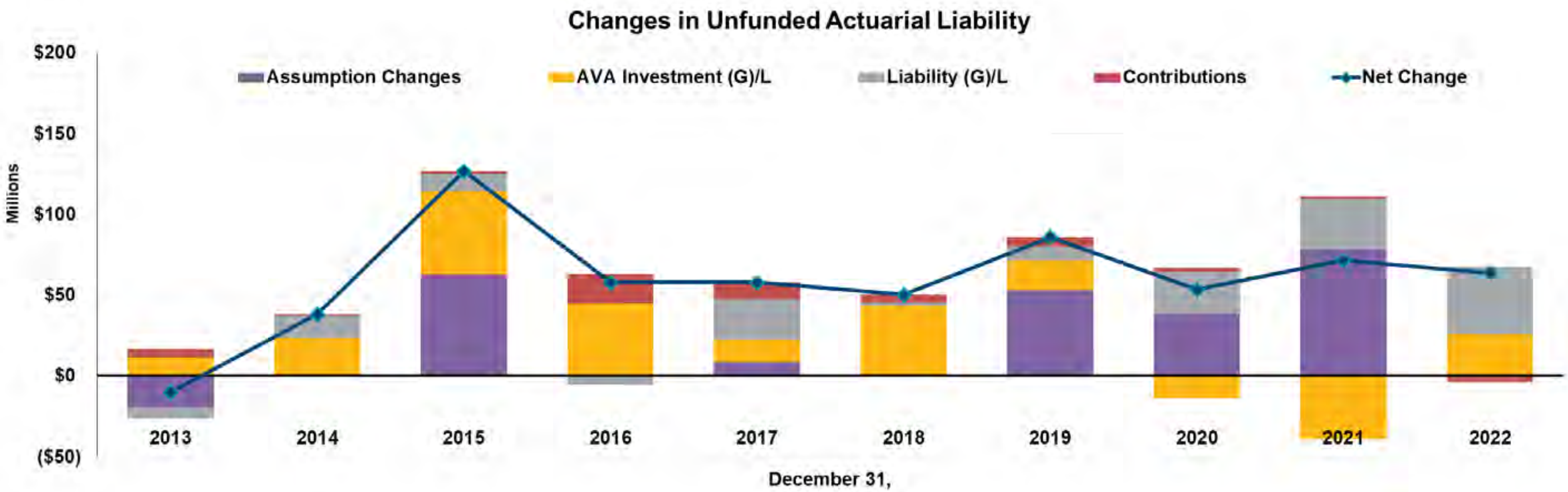
Historical Review – Funded Ratio



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Funded Ratio (AVA)	77.9%	76.7%	71.4%	69.4%	68.3%	67.1%	65.3%	65.1%	64.8%	64.1%
UAL (Billions)	$ 0.34	$ 0.37	$ 0.50	$ 0.56	$ 0.62	$ 0.67	$ 0.75	$ 0.81	$ 0.88	$ 0.94

- Funded ratio has decreased from 77.9% in 2014 to 64.1% in 2023
  - Assumed rate of investment return decreased from 7.25% to 6.75% over this period
  - Investment returns based on the smoothed assets (AVA) over this time period were 5.6%
- Actual investment returns and actuarial losses due to salary increases are the primary reasons for the decrease in the funded ratio from 64.8% to 64.1% in 2023

Sources of Unfunded Actuarial Liability



- **Assumption Changes: $222 million**
- **Investment Losses: $180 million**
- **Liability Losses: $147 million**
- **Contributions: $47 million**

Projections

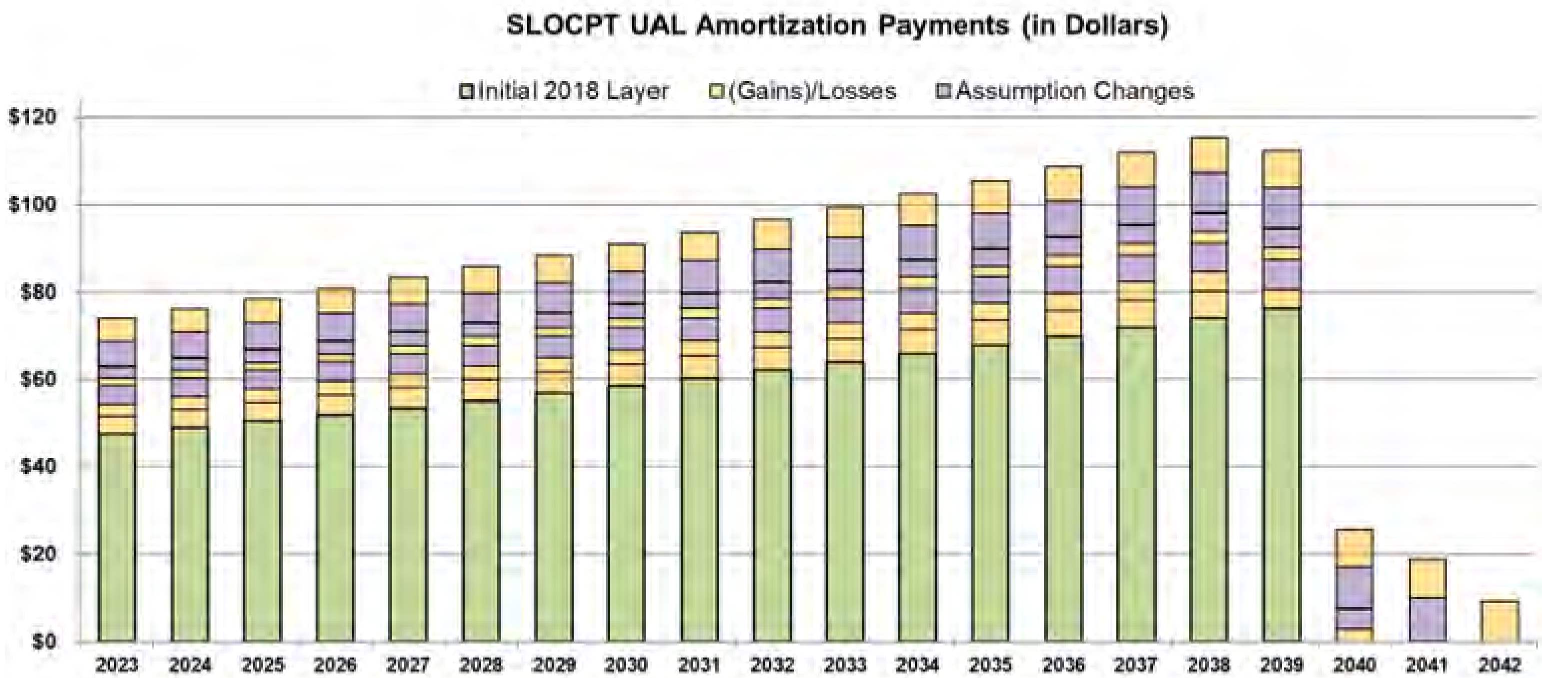
Current UAL Payment Schedule

Development of Amortization Payment
For the January 1, 2023 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2023 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	22	$ 596,738,659	17	$ 47,546,692	19.64%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	48,544,339	16	4,043,874	1.67%
3.	Assumption Changes	1/1/2020	53,371,279	20	51,865,304	17	4,132,502	1.71%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	34,466,495	17	2,746,207	1.13%
5.	Assumption Changes	1/1/2021	35,700,366	20	35,133,598	18	2,686,555	1.11%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	22,850,521	18	1,747,307	0.72%
7.	Assumption Changes	1/1/2022	78,053,947	20	77,593,575	19	5,711,276	2.36%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,905,326	19	140,242	0.06%
9.	(Gain)/Loss Base	1/1/2023	73,533,922	20	73,533,922	20	5,223,827	2.16%
	Total				$ 942,631,737		$ 73,978,482	30.56%

[1] *The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.*

Current UAL Payment Schedule

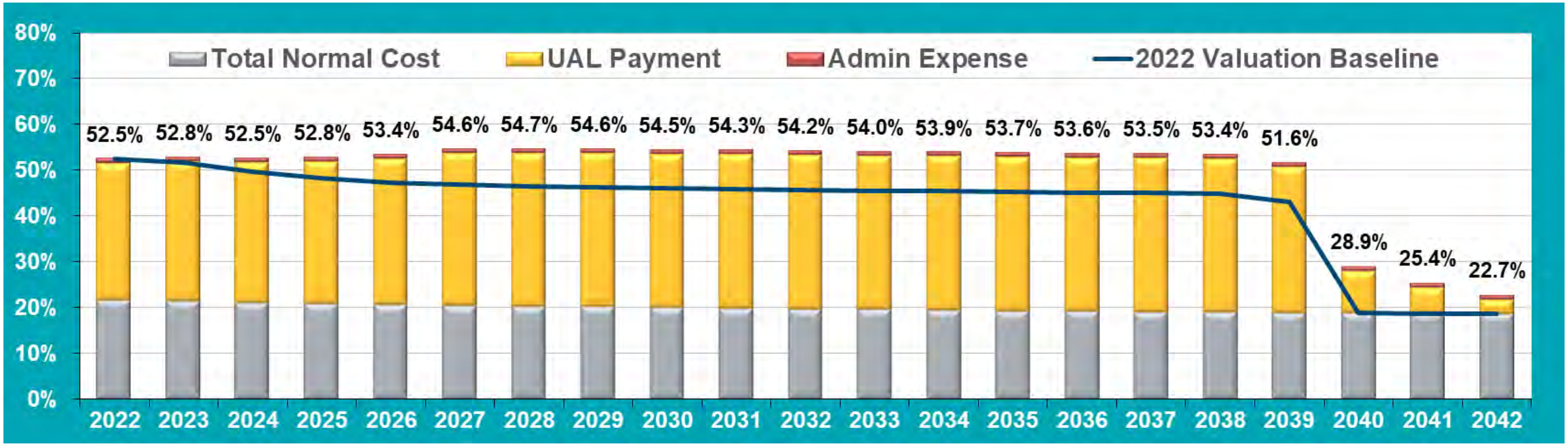


- Each individual UAL payment grows 3.0% per year (the same as assumed payroll growth)
- UAL payments as a percentage of pay are expected to remain level
- 2018 UAL layer is the largest portion of the UAL payment, with the last payment in 2039

Baseline Projections – Underlying Assumptions

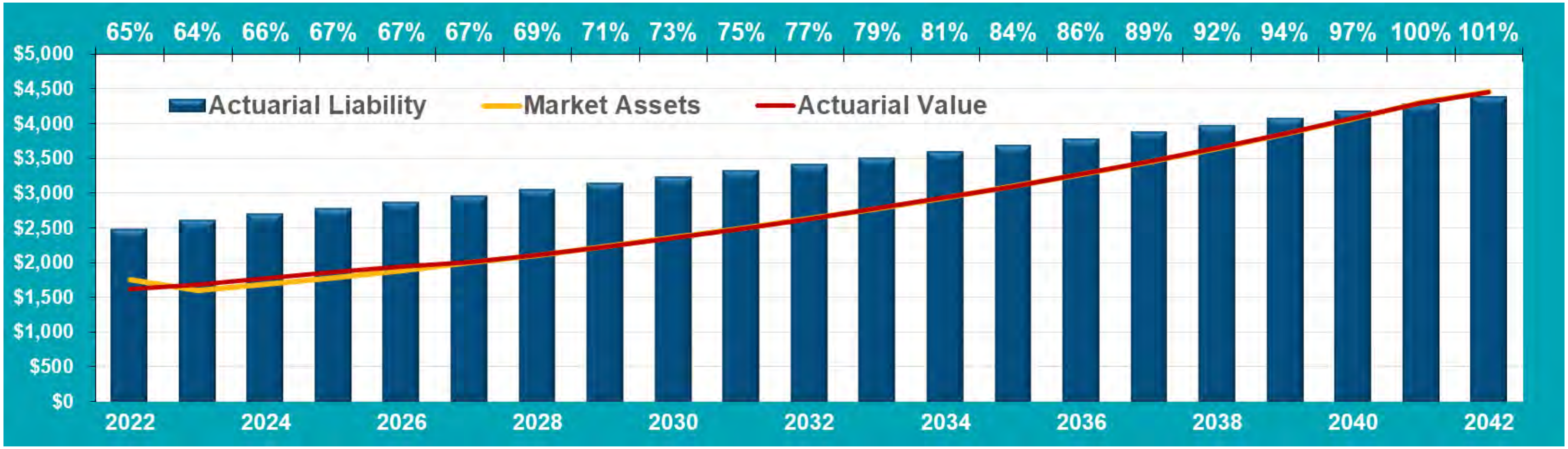
- Assume the return on the Market Value of Assets is 6.75% each and every year in the projection period
- All other actuarial assumptions are assumed to be met each and every year
- Actuarially Determined Contribution (ADC) rate will be paid by employers and employees
- Stable active population; PEPRA members will replace legacy members when they leave active employment
    - Payroll expected to grow by 3.00% per year

2023 Projections – Total Contribution Rate



- The Total Contribution (ADC) is projected to be relatively constant over the next two years
  - But reaches the peak of 54.7% once the deferred losses from 2023 are fully recognized
- Pattern of future contributions driven by pattern of UAL payments
- Total Normal Cost rate declines very gradually over the projection period from 21.2% in 2023 to 18.6% in 2042 as new hires continue to enter the PEPRA Tier

2023 Projections – Funded Ratio



- SLOCPT is projected to make some funding progress over the next five years
- Recognition of the $85 million deferred assets losses causes the slower progress
- UAL payment is still large enough to pay down interest and principal
- Current funding policy is sufficient for SLOCPT to reach full funding by the end of the projection period shown

Questions

Appendix

Summary of Key Valuation Results (in thousands)	January 1, 2022	January 1, 2023	Change
Membership			
Actives	2,776	2,830	2.0%
Retirees and Beneficiaries	3,172	3,236	2.0%
Inactives	861	981	13.9%
Total	6,809	7,047	3.5%
Total Projected Payroll	$ 224,010,000	$ 242,067,000	8.1%
Average Pay	80,695	85,536	6.0%
Funded Status			
Actuarial Liability	$ 2,498,107	$ 2,622,192	5.0%
Actuarial Value of Assets (AVA)	1,619,357	1,679,561	3.7%
Unfunded Actuarial Liability (UAL)	$ 878,750	$ 942,631	7.3%
Funding Ratio (AVA Basis)	64.8%	64.1%	-0.7%
Market Value of Assets (MVA)	$ 1,749,963	$ 1,594,492	-8.9%
Unfunded Actuarial Liability (MVA Basis)	748,144	1,027,700	37.4%
Funding Ratio (MVA Basis)	70.1%	60.8%	-9.3%
Actuarially Determined Contributions			
Total Normal Cost	21.62%	21.24%	-0.38%
Administrative Expenses	1.06%	1.01%	-0.05%
Unfunded Actuarial Liability Payment			
Interest	26.48%	26.29%	-0.19%
Principal	3.32%	4.27%	0.95%
Total	29.80%	30.56%	0.76%
Total Actuarially Determined Contribution	52.48%	52.81%	0.33%

Required Disclosures

The purpose of this presentation is to discuss the results of the January 1, 2023 Actuarial Valuation of the San Luis Obispo County Pension Trust (SLOCPT). This presentation was prepared exclusively for the San Luis Obispo County Pension Trust and its Board of Trustees for the purpose described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

In preparing our presentation, we relied on information (some oral and some written) supplied by the SLOCPT. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The actuarial assumptions, data and methods are shown in the actuarial valuation report as of January 1, 2023.

Future results may differ significantly from the current results and projections shown in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in the plan provisions or applicable law.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this presentation were developed using P-Scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Trust. P-Scan uses standard roll-forward techniques that implicitly assume a stable active population.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

Alice I. Alsberghe, ASA, EA, MAAA
Consulting Actuary

Tim Hall, FSA, EA, MAAA, CERA
Associate Actuary

Classic Values, Innovative Advice

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2023

Produced by Cheiron

June 2023

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June 15, 2023

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Dear Members of the Board,

At your request, we have conducted an actuarial valuation of the San Luis Obispo County Pension Trust (SLOCPT, the Trust, the Fund, the Plan) as of January 1, 2023. This report contains information on the Trust's assets and liabilities and discloses employer and employee contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SLOCPT. This report is for the use of the Board of Trustees and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Cheiron's report was prepared solely for the Board of Trustees of San Luis Obispo County Pension Trust for the purposes described herein, except that the Plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

Alice I. Alsberghe, ASA, EA, MAAA
Consulting Actuary

FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2023. The valuation is organized as follows:

- In Section I, the **Executive Summary,** we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.

- The **Main Body** of the report presents details on the Trust's:
  - Section II – Disclosures Related to Risk
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
  - Section VI – Annual Comprehensive Financial Reporting Information

- In the **Appendices,** we conclude our report with the following detailed information:
  - Appendix A – Membership Information
  - Appendix B – Member Contribution Rates
  - Appendix C – Actuarial Assumptions and Methods
  - Appendix D – Summary of Plan Provisions
  - Appendix E – Glossary

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the SLOCPT staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report. The deterministic and stochastic projections shown in this report were developed using R-scan, our proprietary stochastic projection tool for assessing probabilities of different outcomes. We have relied on Cheiron colleagues who developed the tool, and we have used the tool in accordance with its purpose.

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The funded status of the Trust,
- Past and expected trends in the funding progress of the Trust,
- Employer and employee contribution rates for Plan Year 2023,
- Information required by the GFOA for the Annual Comprehensive Financial Report, and
- An assessment and disclosure of key risks.

The information required under GASB standards Nos. 67 and 68 is included in a separate report, with the report for the Plan's Fiscal Year Ending December 31, 2022, provided to SLOCPT in May 2023.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key results, (C) an examination of the historical trends, and (D) the projected outlook for the Trust.

A. Valuation Basis

This valuation determines the total contributions required for the Plan Year beginning January 1, 2023.

The Trust's funding policy is to collect contributions from the employers and employees, the Actuarially Determined Contribution (ADC), equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability, and
- The Fund's expected administrative expenses.

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability (UAL). The UAL is amortized as a percentage of payroll of SLOCPT. The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability (17 years remaining as of January 1, 2023). Effective with the January 1, 2019 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

Actuarial experience studies are performed every two years. This valuation was performed based on the economic and demographic assumptions and methods that were recommended in the Actuarial Experience Study performed by Cheiron as of December 31, 2021. These assumptions were adopted by the Board of Trustees at their May 23, 2022 Board meeting. A summary of the assumptions and methods used in the current valuation is shown in Appendix C.

This valuation was prepared based on the plan provisions summarized in Appendix D.

B. Key Findings of this Valuation

The key results of the January 1, 2023 actuarial valuation are as follows:

- The Actuarially Determined Contribution (ADC) rate (including both employer and employee portions) increased from 52.48% of payroll to 52.81% of payroll, an increase of 0.33% of payroll. The increase is primarily due to the actuarial investment loss and demographic experience, partially offset by the effect of payroll growth on the Unfunded Actuarial Liability payment as a percentage of pay.

- During the plan year ending December 31, 2022, the return on the Market Value of Assets (MVA) was -7.7%, net of investment expenses and assuming mid-year cash flows, as compared to the 6.75% assumption. Based on the Actuarial Value of Assets (AVA), the Plan returned 5.1%, an actuarial asset loss of $26.0 million. Only 20% of each year's actuarial investment gains or losses are recognized. There are $85 million of net deferred actuarial asset losses as of January 1, 2023 that will be recognized over the next four years.

- The Trust's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, decreased from 64.8% last year to 64.1% as of January 1, 2023. The ratio of Market Value of Assets over Actuarial Liability decreased from 70.1% last year to 60.8% as of January 1, 2023. The decreases in both funded ratios are primarily driven by the unfavorable asset performance and the actuarial losses due to demographic experience.

- The UAL is the excess of the Trust's Actuarial Liability over the Actuarial Value of Assets. The Trust experienced an increase in the UAL from $878.8 million to $942.6 million, an increase of $63.9 million, primarily due to asset losses and actuarial liability losses. Table I-2 in this report details the changes in UAL.

- The Actuarial Liability of the Trust increased more than expected. The actuarial liability experience losses were predominantly due to substantially larger salary increases than expected. In addition, actual COLA increases for current retirees were larger than expected (2.9% for Tier 1 compared to the assumed increase of 2.75%), and there were more retirements and disabilities than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of $41.6 million.

- As of January 1, 2023, there were 1,779 active members covered under Tier 3 (AB 340, "PEPRA") compared to 1,606 Tier 3 active members covered in the prior valuation. Tier 3 active member payroll comprises 56% of the total member payroll as of January 1, 2023, compared to 51% in the prior valuation.

SECTION I – EXECUTIVE SUMMARY

- **Reserves:** We recommend that the reserve for Retirees and Beneficiaries be updated to reflect the computed liability in the most recent valuation. With the Trust's current accounting (the County pays for all COLA benefits), this can only be done for non-COLA benefits. The COLA reserve includes amounts attributable to current active and deferred vested members. According to the financial statements as of December 31, 2022, the reserve for Retirees and Beneficiaries is $1,366,339,705. The non-COLA liabilities calculated were $1,373,635,098. Accordingly, we recommend that the Trust transfer the difference of $7,295,393 out of the Current Reserve and into the Retiree Reserve.

- **Pension Obligation Bond:** Total pension costs also include the debt financing related to the 2003 pension obligation bond of $135 million. The annual debt financing payment for calendar year 2023 is approximately $9.7 million, which is approximately 3.99% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 35.59% (based on employers assuming all of the contribution rate increase for the January 1, 2023 valuation, including the administrative expenses), the total rate of 39.58% more accurately reflects total County pension costs.

SECTION I – EXECUTIVE SUMMARY

Below and on the following pages, we present Tables I-1, I-2, I-3, and I-4 which summarize the key results of the valuation with respect to SLOCPT assets, actuarial liabilities, Unfunded Actuarial Liability, funded ratios, contribution rates, and membership. The results are shown and compared for both the current and prior plan year.

Table I-1
Summary of Key Valuation Results
($ in thousands)

	January 1, 2022	January 1, 2023	Change
Membership			
Active Members	2,776	2,830	2.0%
Retirees and Beneficiaries	3,172	3,236	2.0%
Deferred Vesteds and Inactives	861	981	13.9%
Total	6,809	7,047	3.5%
Total Projected Payroll	$ 224,010,000	$ 242,067,000	8.1%
Average Pay	$ 80,695	$ 85,536	6.0%
Funded Status			
Actuarial Liability	$ 2,498,107	$ 2,622,192	5.0%
Actuarial Value of Assets (AVA)	1,619,357	1,679,561	3.7%
Unfunded Actuarial Liability (UAL)	$ 878,750	$ 942,631	7.3%
Funding Ratio (AVA Basis)	64.8%	64.1%	-0.7%
Market Value of Assets (MVA)	$ 1,749,963	$ 1,594,492	-8.9%
Unfunded Actuarial Liability (MVA Basis)	748,144	1,027,700	37.4%
Funding Ratio (MVA Basis)	70.1%	60.8%	-9.3%
Actuarially Determined Contributions			
Total Normal Cost	21.62%	21.24%	-0.38%
Administrative Expenses	1.06%	1.01%	-0.05%
Unfunded Actuarial Liability Payment			
Interest on UAL	26.48%	26.29%	-0.19%
Principal	3.32%	4.27%	0.95%
Total UAL Payment	29.80%	30.56%	0.76%
Total Actuarially Determined Contribution	52.48%	52.81%	0.33%

The key results shown in Table I-1 indicate that total SLOCPT membership increased by 3.5%. Both the active members and members receiving monthly benefits increased by 2.0% from last year to this year. The number of inactive members not in pay status increased by 13.9%.

SECTION I – EXECUTIVE SUMMARY

Table I-2
Change in Unfunded Actuarial Liability (UAL)
($ in thousands)

Unfunded Actuarial Liability, January 1, 2022	$	878,750
Expected change in Unfunded Actuarial Liability		(9,653)
Increase due to actuarial asset loss		26,017
Increase due to liability loss		41,588
Increase due to contribution timing delay and expenses		5,930
Total UAL change	$	63,882
Unfunded Actuarial Liability, January 1, 2023	$	942,632

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by $63.9 million, from $878.8 million to $942.6 million. Table I-2 above presents the specific components of the change in the UAL.

- The expected decrease in the UAL of $9.7 million is the amount of expected employer and employee contributions in excess of the benefits expected to accrue for active members during the year and the interest on the UAL.

- The actuarial asset loss of $26.0 million is a result of the 5.1% return on the Actuarial Value of Assets, which is below the expected return of 6.75%.

- The liability experience loss increased the UAL by $41.6 million. This liability experience loss was driven by salary increases for active members substantially above the assumed increases. In addition, COLA increases (as of April 1, 2022) for most Tier 1 retirees of 2.9%, above the assumed COLA increase rate of 2.75%, as well as more retirements and disabilities than expected, also contributed to the liability experience loss.

- The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2022 and the expected contributions for the year based on the ADC rate from the January 1, 2022 actuarial valuation. The impact on the 2023 valuation is a loss of $5.5 million.

- The assumed administrative expenses for the 2022 calendar year were $2.5 million compared to the actual administrative expenses of $2.9 million, which produced a small loss of $0.4 million.

SECTION I – EXECUTIVE SUMMARY

Actuarially Determined Contribution Comparison

Table I-3 below compares the total contribution rate and its components from the prior year to the current year. The total Actuarially Determined Contribution rate increased by 0.33% for the January 1, 2023 valuation. A decrease of 0.38% in the gross normal cost, an increase of 0.76% in the amortization of the UAL, and a decrease of 0.05% for the assumed administrative expenses comprise the total increase.

Table I-3
Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate

Valuation Date	January 1, 2022	January 1, 2023	Change
Actuarially Determined Contribution Rate			
1. Gross Normal Cost	21.62%	21.24%	-0.38%
2. Member Contributions	17.55%	17.22%	-0.33%
3. Employer Normal Cost [(1) - (2)]	4.07%	4.02%	-0.05%
4. UAL Amortization Payment	29.80%	30.56%	0.76%
5. Employer Contribution Rate [(3) + (4)]	33.87%	34.58%	0.71%
6. Administrative Expenses	1.06%	1.01%	-0.05%
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	52.48%	52.81%	0.33%
Reconciliation of Charged Rate			
8. Employer Charged Rate	30.43%	32.76%	2.33%
9. Member Charged Rate	17.35%	16.98%	-0.37%
10. Total Charged Rate [(8) + (9)]	47.78%	49.74%	1.96%
11. Increase to Charged Rate (based on prior valuation)[1]	2.39%	2.59%	0.20%
12. Total Charged Rate as of January 1 [(10) + (11)]	50.17%	52.33%	2.16%
13. Recommended Rate Change as of January 1 [(7) - (12)]	2.31%	0.48%	-1.83%

[1] *The recommended rate increase as of January 1, 2022 was 2.31%. However, the rate increase will be implremented on July 1, 2023, except for APCD and the Courts who implemented on January 1. 2023; therefore, it was increased to 2.59%. The recommended rate increase as of January 1, 2021 was 2.16%. However, the rate increase was implemented on July 1, 2022; except for APCD who implemented on January 1, 2022; therefore, it was increased to 2.39%.*

SECTION I – EXECUTIVE SUMMARY

Table I-4 summarizes the change in the total employer and employee contribution rate from the last valuation by source.

Table I-4
Actuarially Determined Contribution (ADC) Rate Reconciliation

	Normal Cost	Administrative Expenses	UAL Payment	Total
Total ADC as of January 1, 2022	**21.62%**	**1.06%**	**29.80%**	**52.48%**
Actuarial investment loss	0.00%	0.00%	0.76%	0.76%
Tier 3 (PEPRA) new hires	-0.38%	0.00%	0.00%	-0.38%
Effect of payroll growth	0.00%	-0.05%	-1.40%	-1.45%
Contribution timing lag	0.00%	0.00%	0.17%	0.17%
Demographic experience	0.00%	0.00%	1.23%	1.23%
Total Change	**-0.38%**	**-0.05%**	**0.76%**	**0.33%**
Total ADC as of January 1, 2023	**21.24%**	**1.01%**	**30.56%**	**52.81%**

The changes in the total employer and employee contribution rate compared to the January 1, 2022 valuation results are as follows:

- Asset experience produced an investment loss that increased the contribution rate by 0.76% of pay. The actuarial assets of the Plan returned 5.1% (net of investment expenses) for the year ending December 31, 2022, which is lower than the assumed rate of 6.75%.

- Tier 3 (PEPRA) members now make up over 56% of active member payroll compared to 51% in the previous valuation. Tier 3 (PEPRA) member benefits are lower than the Tier 1 and Tier 2 members' benefits. When Tier 1 and Tier 2 members leave employment, they are replaced by Tier 3 members. The impact of this demographic shift is a lower overall normal cost rate for the Trust. For this valuation, the impact was a 0.38% decrease to the normal cost rate.

- Active member payroll, which is used to convert the amortized UAL payments to a percentage of payroll, was higher than expected by about $11.3 million. The expected payroll growth rate is 3.00% while the actual payroll growth during 2022 was about 8.1%. As a result, the UAL payments are spread over a larger payroll base than expected, and the contribution rate, as a percentage of payroll, decreased by 1.45%.

- When actual contributions made to the Plan differ from expectations, there is an actuarial gain or loss. There are two primary reasons why contributions can deviate from expectations:
  - The actuarial valuation process assumes any change in the contribution rate occurs on January 1 of the valuation year. Even though calculations are performed to adjust the contributions for delayed implementation, there are "unadjusted" contributions made from January 1 to the implementation date of the contribution rate increases.
  - When payroll growth is more or less than anticipated, all else being equal, contributions will be more or less than anticipated.

SECTION I – EXECUTIVE SUMMARY

The recommended rate increase as of January 1, 2022 was 2.31%. However, the employers (except for APCD and the Courts who implemented the increase on January 1, 2023) adopted to implement the increase effective July 1, 2023 with an adjusted increase of 2.59% due to the delay. This contribution timing delay, or deferred implementation of the contribution rate increase, partially offset by more contributions coming into the Trust due to the higher payroll resulted in a net increase to the contribution rate of 0.17% of payroll.

- Demographic experience, or liability experience, was unfavorable for an increase in cost of about 1.23% of pay. The demographic experience of the Plan includes retirement, death, disability, and termination experience, as well as other factors such as changes in benefits and pay amounts. The liability experience loss was driven by salary increases for actives above the assumed increases. In addition, COLA increases (as of April 1, 2022) for Tier 1 retirees of 2.9%, above the assumed COLA increase rate of 2.75%, as well as more retirements and disabilities than expected contributed to the demographic experience loss.

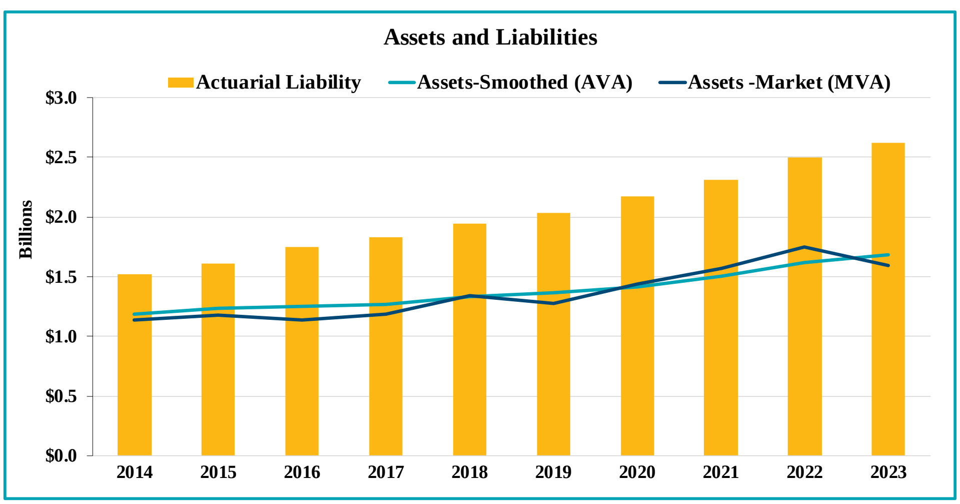
C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the Actuarially Determined Contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

<u>Assets and Liabilities</u>

The chart below compares the Actuarial Liability, as gold bars, to the assets at both market value (MVA, blue line) and smoothed value (AVA, teal line). The percentages shown in the table below the graph are the ratios of the assets to the Actuarial Liability (the funded ratio) as of the valuation date at the beginning of the year. The funded ratio on an AVA basis has decreased from 78% in 2014 to 64% in 2023, as a result of actuarial asset losses, reductions in the discount rate from 7.25% to 6.75%, the reduction of the real rate of return through an increase in price inflation from 2.25% to 2.50% in 2022, and mortality improvements.

The funded ratio on an MVA basis has decreased from 75% to 61% during that same period. During this period, the average annual rate of return on an MVA basis (6.2%) is 0.6% higher than the average annual return on an AVA basis (5.6%), primarily due to extending the recognition of the 2008 asset loss over ten years instead of five years. The AVA returns are relatively stable, despite the overall market fluctuations, whereas the MVA is more volatile.



											Average Annual Return
Funded Ratio (AVA)	78%	77%	71%	69%	68%	67%	65%	65%	65%	64%	
Rate of Return* (AVA)	6.2%	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	9.4%	5.1%	5.6%
Funded Ratio (MVA)	75%	73%	65%	65%	69%	63%	66%	68%	70%	61%	
Rate of Return* (MVA)	13.1%	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	13.6%	-7.7%	6.2%

* Rate of return for prior year ending 12/31

SECTION I – EXECUTIVE SUMMARY

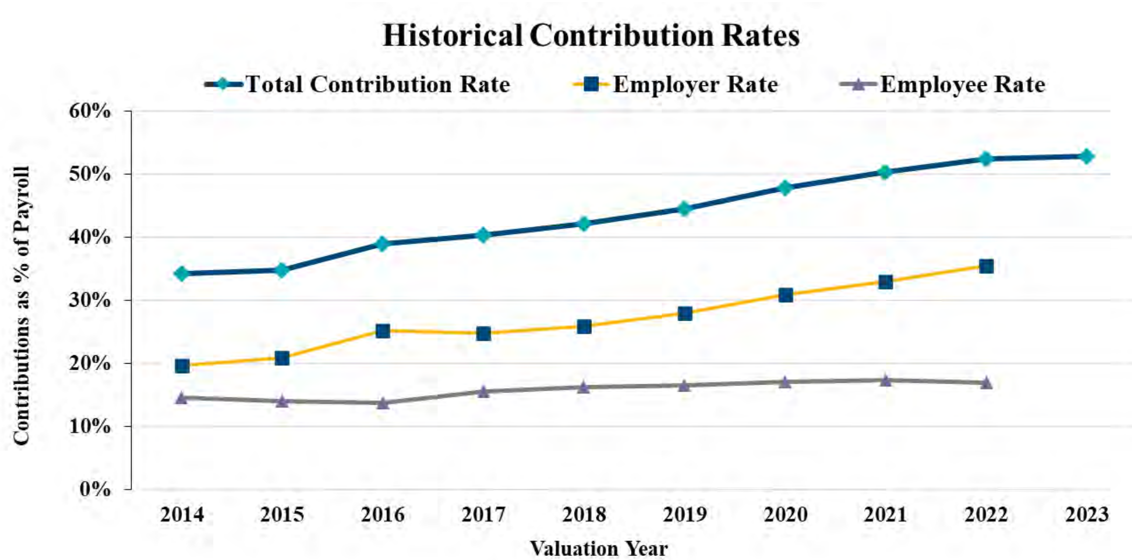
Contribution Trends

In the chart below, we present the historical trends for the SLOCPT contribution rates. The total contribution rate has increased during this period from approximately 34% to 53%. This increase is primarily due to the incremental discount rate decreases from 7.25% to 6.75% and other assumption changes during this period. There were also consistent investment losses on the actuarial value of assets from 2009 to 2020 and in 2022, with favorable experience in 2021 and 2022. The total contribution rate increased in 2023 due to the investment and demographic losses that were somewhat offset by the impact of the significant increase in payroll and its effect on the UAL payment rate as a percentage of pay.

The employer contribution rates have a similar pattern to the total contribution rates. The total contribution rate also includes the employee rate.

Over the period shown, individual employee contribution rates have increased. However, the aggregate average employee contribution for the Trust has partially offset this increase as Tier 3 (PEPRA) members with lower employee contributions continue to replace Tier 1 and Tier 2 members who have higher contributions rates.

Historically, the increase in the total contribution rate had generally been allocated equally between employers and employees. The allocation of rate increases is implemented and agreed to during the bargaining process between the Employers and their various Employment Groups, and therefore not determined by the Trust. Starting in 2019, employers have been allocated a larger portion of any contribution increase.



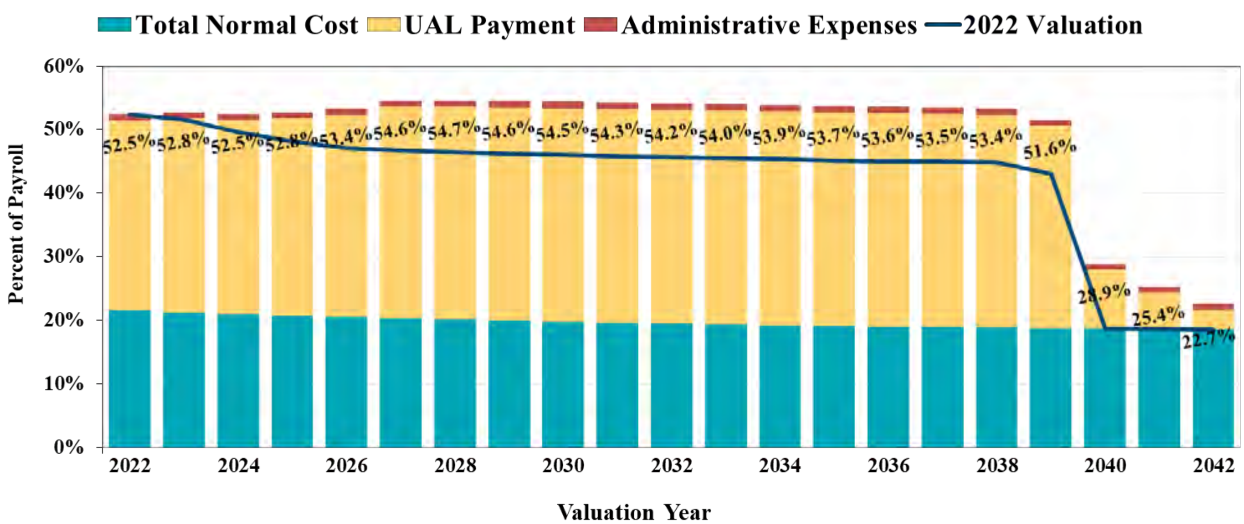
D. Future Expected Financial Trends

The analysis of projected financial trends is an important component of this valuation. All the projections in this section are based on the current investment return assumption of 6.75%. We have assumed future payroll increases of 3.00% per year. The projections also assume that all other actuarial assumptions are met each year.

Projection of Contributions

The following graph shows the expected total contribution rate, or Actuarially Determined Contribution (ADC) based on achieving the 6.75% assumption **each year** for the next 20 years. This scenario is highly unlikely; even if the Plan does achieve an **average** return of 6.75% over this period, the returns in each given year will certainly vary.

The total contribution rates shown at the top of the graph consist of the total normal cost, the UAL payment, and assumed administrative expenses (1.01% of payroll over the projection period.) The dark blue line represents the contribution rate projections based on the January 1, 2022 valuation.



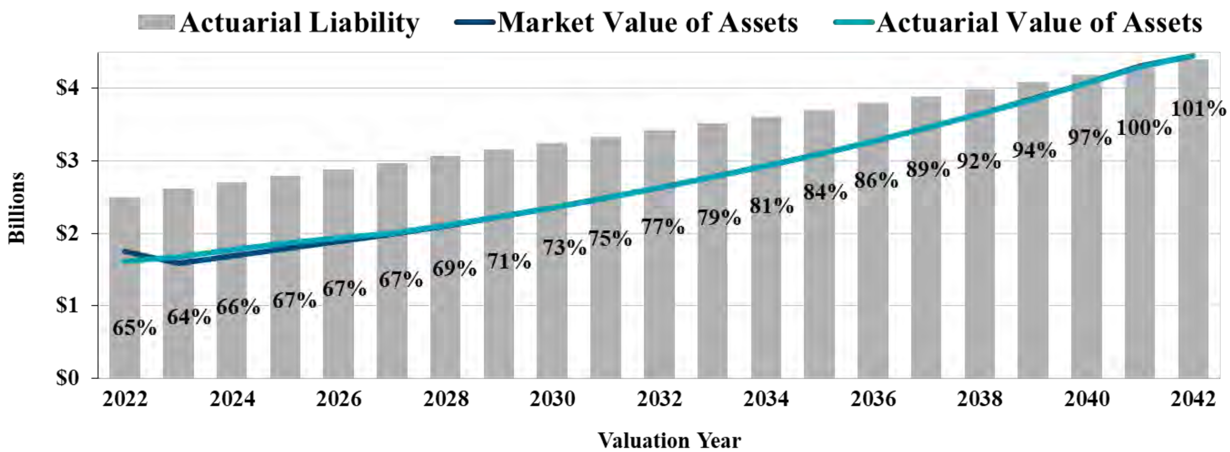
The total contribution rate is approximately 52.8% of member payroll for the January 1, 2023 valuation. Over the next four years, there is an expected rate increase of approximately 1.8% to 54.6% in 2027, due to the recognition of the $85.1 million in deferred investment losses. After 2028, there is a gradual decrease due to the gradual decrease in the normal cost rate (the teal bars) as Tier 3 active members, with lower benefits, continue to replace Tier 1 and Tier 2 active members.

There is a decrease in the 2039 total contribution rate of almost 2.0% of payroll from 53.4% to 51.6% when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution rate is expected to drop significantly to 28.9% in 2040 and consists of mostly the normal cost and administrative expenses since most of the UAL is expected to be paid.

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

In this section, we present our assessment of the implications of the January 1, 2023 valuation results in terms of benefit security (assets over liabilities). The following graph shows the projection of assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period. The percentages along the graph represent the funded ratio or status of the Trust.



Over the next four years there is slower growth in the funding progress until the $85 million in deferred asset losses recognized. The projected funded ratio increases over the next 20 years and reaches 100% in 2041 assuming that all actuarial assumptions are achieved each year.

However, as above, it is the **actual** return on Trust assets that will determine the future funding status and contribution rate to the Trust.

SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. This is most likely to occur when the contributions needed to support the plan differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different from expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan's asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base.

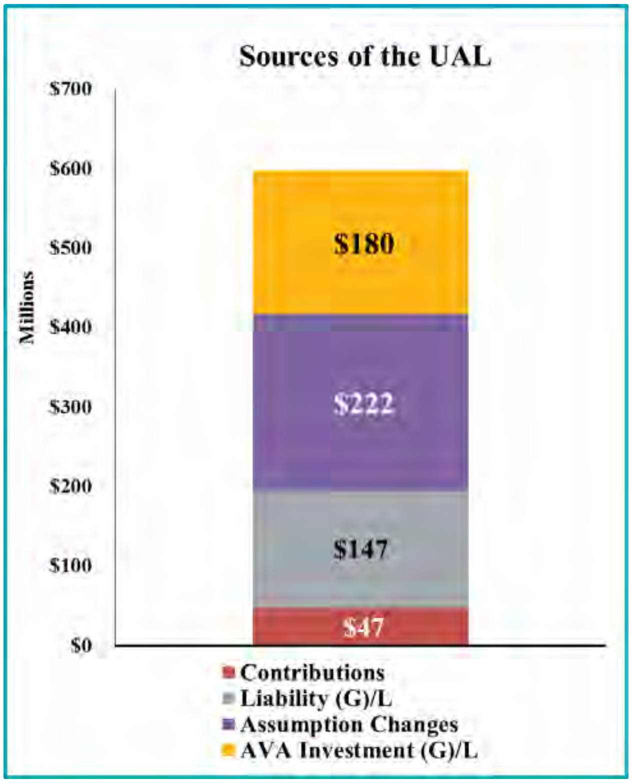
Assumption change risk is the potential for the environment to change such that future valuation assumptions are different from the current assumptions. For example, declines in interest rates over the last three decades resulted in higher investment returns for fixed income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

Contribution risk is the potential for actual future contributions to deviate from the expected future contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy. As another example, the contribution requirement might become a financial strain on the sponsor because of material changes in the contribution base (e.g., covered employees, covered payroll) that affects the amount of contributions the plan can collect.

SECTION II – DISCLOSURES RELATED TO RISK

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from January 1, 2014 through January 1, 2023. Over the last 10 years, the UAL has increased by approximately $596 million. The net investment losses (gold bar) of $180 million on the Actuarial Value of Assets (AVA) and the assumptions changes (purple bar) of $222 million are the primary sources in the UAL increase. The net liability losses (gray bar) of $147 million and contributions being less than the "tread water" level (red bar, defined later in this section) by $47 million have also increased the UAL since January 1, 2013.

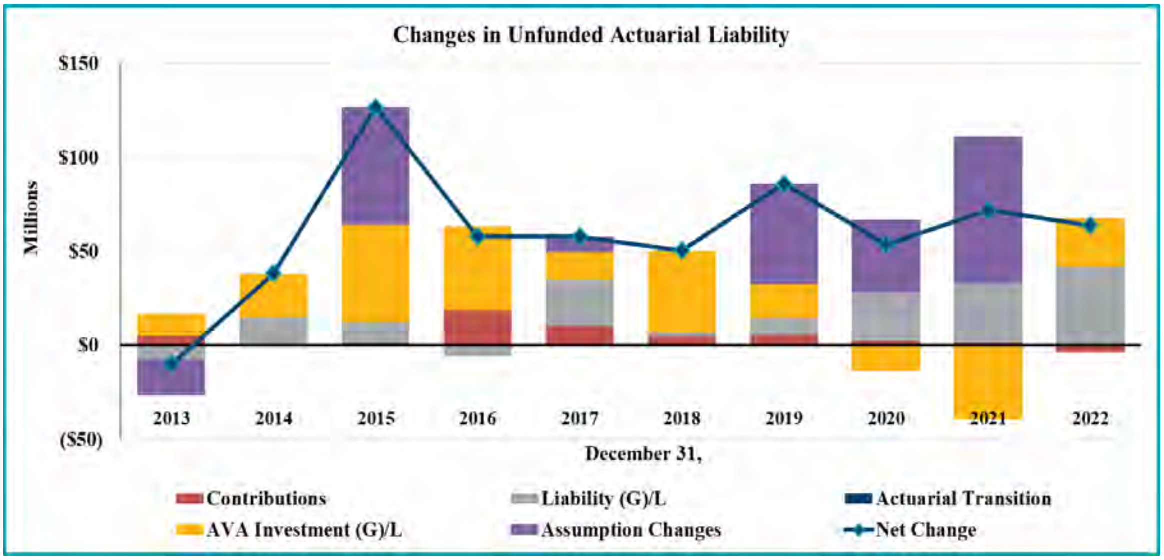
Chart II-1



SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for the Plan years ending December 31. The net UAL change for the year is represented by the blue diamonds.

Chart II-2



On a market value and an actuarial value basis, the average annual geometric return over the 10-year period is 6.2% and 5.6% respectively. Actuarial asset losses were greater than the gains over the period, primarily due to the market performance in FYE 2015, 2018 and 2022 with actual returns of -1.4%, -3.7%, and -7.7% respectively, well below the assumed rate of return.

Over the same period, the assumed rate of return decreased from 7.25% to 6.75%. It is important to note that these changes reflected a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. The inflation assumption was increased in the January 1, 2022 valuation from 2.25% to 2.50% which affected assumed active member pay increases as well as the assumed COLA growth for retirees in Tier 1.

The impact of all assumption changes is represented by the purple bars and also includes changes in demographic assumptions such as changes in mortality rates and longevity improvements projected in the future, which had a significant impact on the measurement of the UAL for the January 1, 2016 actuarial valuation.

Each year the UAL is expected to increase for benefits earned in the current year (the normal cost) and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the delayed implementation of contribution rate increases) can affect whether or not the contributions exceed the tread water level.

SECTION II – DISCLOSURES RELATED TO RISK

The UAL is expected to decrease next year, all else being equal, as some of the UAL payment is expected to pay off principal. However, the practice of delaying the implementation date of contribution increases can potentially offset progress toward paying down UAL principal.

Table II-1 below numerically summarizes the changes in the UAL for each year over the last 10 years ending December 31. These totals support our identification of investment returns and assumption changes as the primary risks to the Plan.

Table II-1

Changes in Unfunded Actuarial Liability ($ in millions)

December 31,	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Assumed Rate of Return	**7.25%**	**7.25%**	**7.125%**	**7.125%**	**7.00%**	**7.00%**	**6.875%**	**6.75%**	**6.75%**	**6.75%**	
Source											
AVA (Gain)/Loss	$ 11.3	$ 23.3	$ 51.8	$ 44.9	$ 14.3	$ 43.7	$ 17.9	$ (13.5)	$ (39.3)	$ 26.0	**$ 180.4**
Liability (Gain)/Loss	(7.3)	14.3	10.8	(5.6)	24.7	1.7	9.0	26.1	31.7	41.6	**$ 147.0**
Assumption Change	(19.3)	0.0	62.8	0.0	8.5	0.0	53.4	38.5	78.1	0.0	**$ 222.0**
Contributions[1]	5.2	0.6	1.5	18.6	10.5	5.0	5.6	2.4	1.5	(3.7)	**47.2**
Total UAL Change	**$ (10.1)**	**$ 38.2**	**$ 126.9**	**$ 57.9**	**$ 58.0**	**$ 50.4**	**$ 85.9**	**$ 53.5**	**$ 72.0**	**$ 63.9**	**$ 596.6**

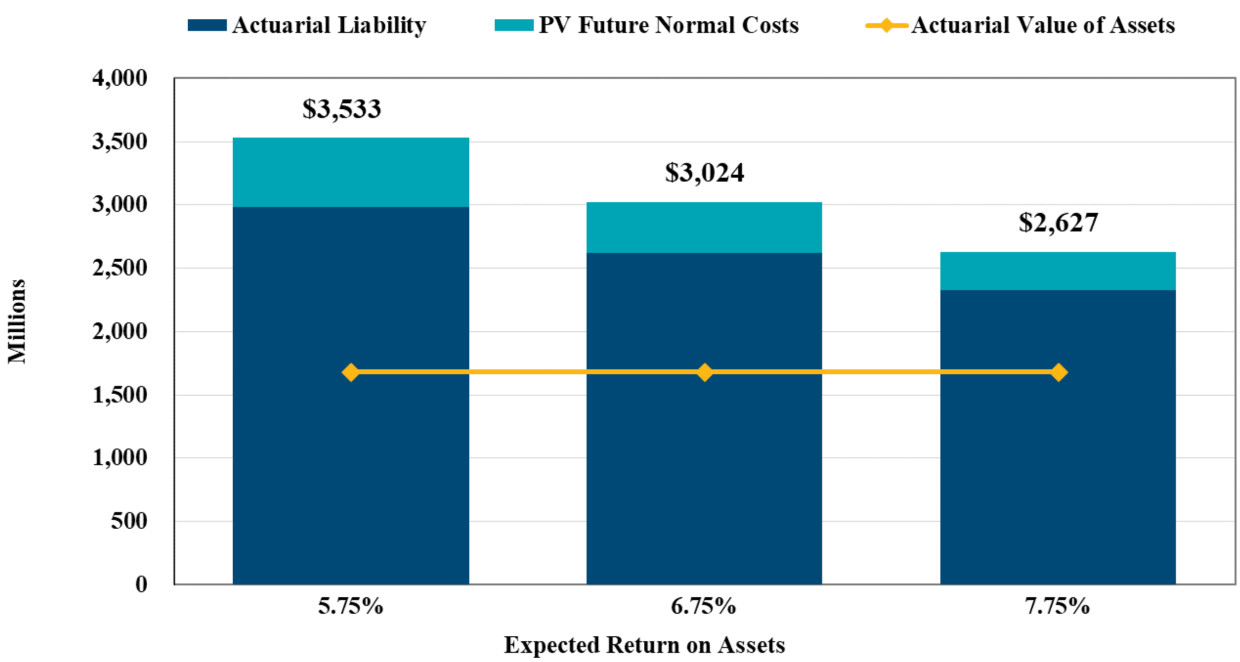
[1] *Actual contributions (more than) / less than normal cost and interest on the UAL (tread water level)*

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares assets to the present value of all projected future benefits discounted at the current expected rate of return (6.75%) and at investment returns 100 basis points above and below the expected rate of return. The present value of future benefits is shown as a bar with the portion attributable to past service in dark blue (Actuarial Liability) and the portion attributable to future service in teal (Present Value of Future Normal Costs). The gold line shows the Actuarial Value of Assets.

Present Value of Future Benefits versus Assets



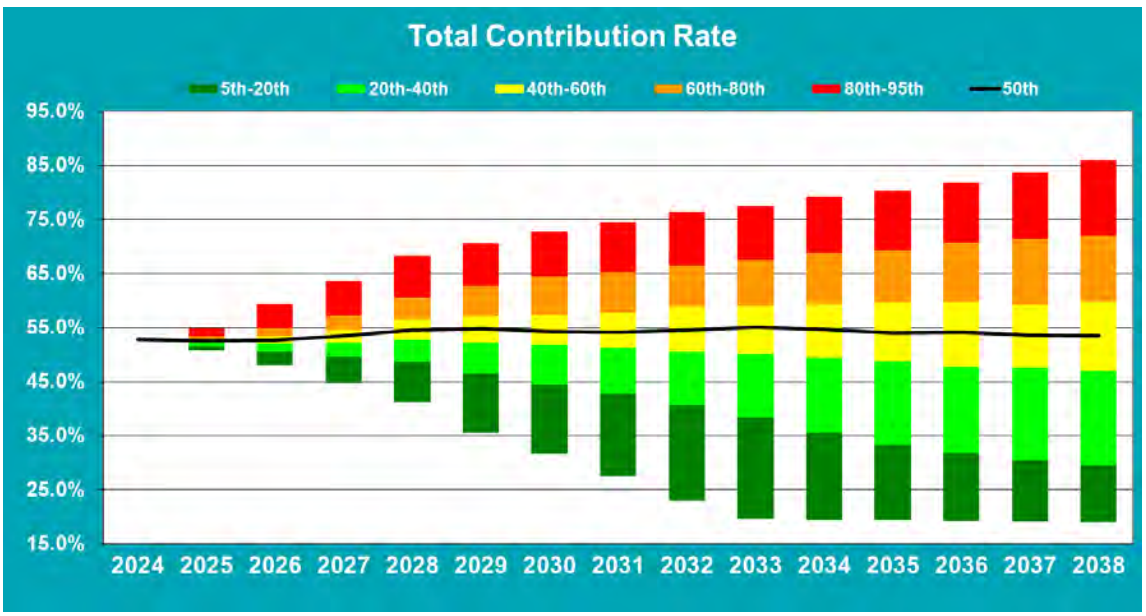
If investments return 6.75% annually, the Plan would need approximately $3.0 billion in assets today to pay all projected benefits compared to current assets of $1.7 billion. If investment returns are only 5.75%, the Plan would need approximately $3.5 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately $2.6 billion in assets today.

SECTION II – DISCLOSURES RELATED TO RISK

Sensitivity to Investment Returns – Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The graphs on this and the following page show the projected range of the contribution rate and of the funded ratio (i.e., the market assets divided by liabilities). The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 11.7% standard deviation of annual returns, as provided by the Plan's investment consultant). The stochastic projections of investment returns are based on an assumption that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods of time.

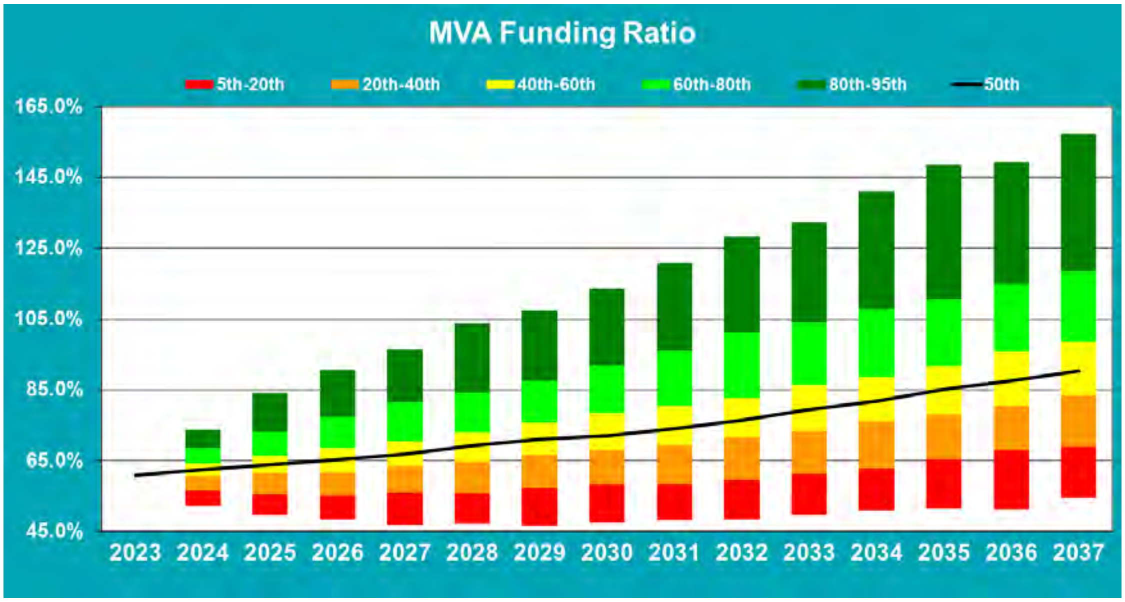
Stochastic Projection of Total Contributions as a Percent of Pay



The stochastic projection of contributions as a percent of pay shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75% each year, aligns with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected contribution rate is approximately 86% of pay in 2038. Conversely, in the most optimistic scenario shown, the 5th percentile, the projected contribution rate declines to about 20% starting in 2033. In these projections, we assumed that the minimum contribution allowed is the total normal cost plus the assumed administrative expenses. However, under PEPRA, if the Plan becomes extremely over-funded (above 120%), the contribution can drop below the normal cost plus assumed administrative expenses.

SECTION II – DISCLOSURES RELATED TO RISK

Stochastic Projection of Funded Ratio on a Market Value of Assets Basis



The graph above shows the projection of the funded ratio based on the market value of assets. While the median funded ratio (black line) is projected to be approximately 90% at the end of the 15-year period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%. Due to the sound funding policy of the Plan, even in scenarios with significant unfavorable investment returns, the Plan is projected to remain around 50% funded, as long as the Actuarially Determined Contributions continue to be made.

Contribution Risk

If contribution rates become a significant percentage of payroll, future salary increases, and the hiring of new members are potentially at risk. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnates or declines since contributions are based on payroll levels.

There is also a risk of the contribution rates increasing when payroll decreases since the Plan's funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments are designed to increase at the assumed payroll growth rate of 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, potentially making the Plan less affordable.

SECTION II – DISCLOSURES RELATED TO RISK

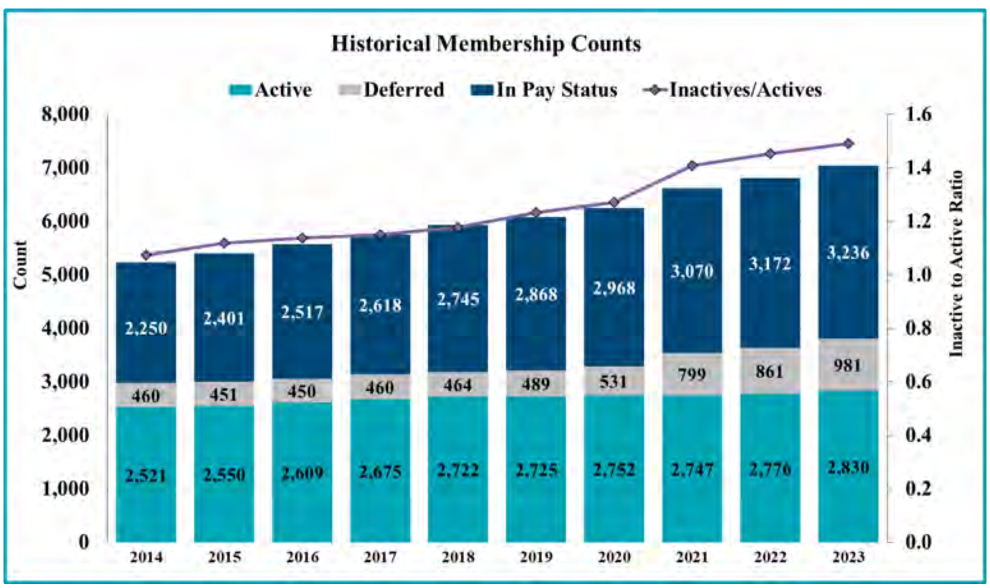
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. To assess each of these risks, it is important to understand the maturity of the plan and how it has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for a plan.

Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or deferred – those entitled to a deferred vested benefit or refund of contributions) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the growth in the Support Ratio from just below 1.1 to almost 1.5 over the period. The number of active members has grown by around 12% for SLOCPT, while the number of inactive members, excluding non-vested members with contributions on account, has increased by over 55%.



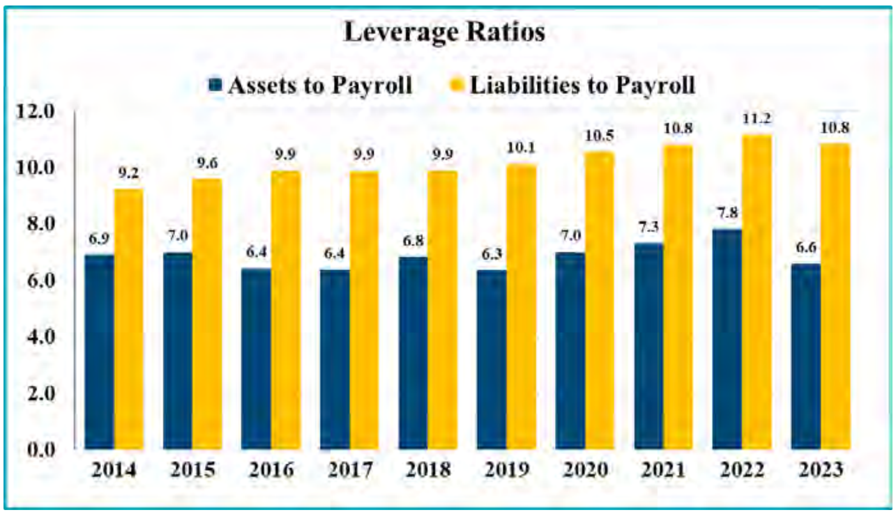
[1] *January 1, 2022 and January 1, 2023 Deferred Membership counts include 256 and 309 non-vested members with contributions on account, respectively.*

SECTION II – DISCLOSURES RELATED TO RISK

Leverage Ratios

Leverage or volatility ratios measure the size of a plan compared to its revenue base more directly. The asset leverage ratio is simply the Market Value of Assets divided by active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the ratio of a plan's Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have gradually increased since 2014. Both leverage ratios decreased in 2023 due to the larger than expected payroll increase. The assets to payroll ratio decreased significantly due to the unfavorable asset performance based on the Market Value of Assets.



To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the asset level is so small.

As the Plan becomes better funded, the asset leverage ratio will increase, and if it was 100% funded, the asset leverage ratio would be 10.8 times payroll, or the Actuarial Liability (AL) leverage ratio.

The asset leverage ratio of 6.6 means that if the Plan's assets lose 10% of their value, which is a 16.75% actuarial loss compared to the expected return of 6.75%, the loss would be equivalent to 111% of payroll (16.75% times 6.6). Based on the current amortization policy and economic assumptions, the contribution rate would ultimately increase by about 8% of payroll (after full recognition of the asset loss in the actuarial value of assets).

More Detailed Assessment

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the Trust and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect contributions and the ultimate security of participants' benefits.

In this section, we present detailed information on Trust assets including:

- **Disclosure** of Trust assets as of January 1, 2022 and January 1, 2023,
- Statement of the **changes** in market values during the year,
- Development of investment rate of return for the Market Value of Assets and the Actuarial Value of Assets,
- Development of the Actuarial Value of Assets, and
- An allocation of the assets between the **valuation subgroups**.

Disclosure

There are two types of asset values disclosed in this value, the Market Value of Assets and the Actuarial Value of Assets. The market value represents a "snap-shot" or "cash-out" value, which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-term planning as the Actuarial Value of Assets. The Actuarial Value of Assets reflects smoothing of annual investment returns in order to mitigate any wide fluctuations in overall investment returns.

Table III-1 on the next page discloses and compares the asset values as of January 1, 2022 and January 1, 2023.

SECTION III – ASSETS

Table III-1
Statement of Assets at Market Value

	January 1, 2022	January 1, 2023
Cash and Cash Equivalents	$ 78,934,513	$ 84,236,612
Receivables	587,832	1,611,636
Equities	747,912,868	575,255,268
Bonds	483,175,536	399,852,554
Mortgages	9,336,523	2,829,116
Alternative Investments	244,171,272	313,798,079
Real Estate	220,641,792	252,831,097
Other	6,282,448	5,798,274
	$ 1,791,042,784	$ 1,636,212,636
Liabilities	(41,079,995)	(41,720,561)
Market Value of Assets	**$ 1,749,962,789**	**$ 1,594,492,075**
Reserves		
Member Deposit	$ 406,419,442	$ 429,540,342
Appropriation	15,569,672	39,135,470
Retired Members	1,300,964,786	1,366,339,705
Cost of Living	450,389,329	461,544,911
Contingency	(1,082,969,980)	(1,202,377,724)
Market Value Adjustments	659,589,540	500,309,371
Total Reserves	**$ 1,749,962,789**	**$ 1,594,492,075**

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 below shows the components of change in the Market Value of Assets during the fiscal years ending December 31, 2021 and December 31, 2022.

Table III-2
Changes in Market Value of Assets

	December 31, 2021	December 31, 2022
Beginning of Year	**$ 1,566,326,195**	**$ 1,749,962,789**
Revenues		
Contributions		
Employer Contributions	$ 61,177,212	$ 72,095,657
Member Contributions	36,699,913	39,229,067
Total Contributions	$ 97,877,125	$ 111,324,724
Prefunding Discount Amortization	$ (1,325,003)	$ (1,485,140)
Net Investment Income		
Interest	$ 2,827,151	$ 2,674,764
Dividends	5,895,188	6,814,654
Real Estate Income	0	0
Realized and Unrealized	206,236,189	(138,985,835)
Other Income	22,153	47,067
Investment Expenses	(3,973,810)	(3,569,887)
Net Investment Income	$ 211,006,871	$ (133,019,237)
Total Revenues	**$ 307,558,993**	**$ (23,179,653)**
Disbursements		
Benefits Payments		
Monthly Benefit Payments	$ 117,368,651	$ 124,133,519
Refunds of Member Contributions	3,314,923	3,401,763
Death Benefits	441,485	1,858,601
Total Benefit Payments	$ 121,125,059	$ 129,393,883
Administrative Expenses	2,797,340	2,897,178
Total Disbursements	**$ 123,922,399**	**$ 132,291,061**
Net Increase / (Decrease)	183,636,594	(155,470,714)
End of Year	**$ 1,749,962,789**	**$ 1,594,492,075**

SECTION III – ASSETS

Tables III-3 below shows the development of the actuarial investment gains or losses as well as the actual rates of returns on both the AVA and MVA. The calculations are based on the assumption that the assumed rate of investment return is net of investment expenses.

Table III-3
Development of Investment Returns

	Market Value	Actuarial Value
1) Assets as of January 1, 2022	$ 1,749,962,789	$ 1,619,357,406
a) Contributions	111,324,724	111,324,724
b) Prefunding Discount Amortization	(1,485,140)	(1,485,140)
c) Benefits Paid	(129,393,883)	(129,393,883)
d) Administrative Expenses	(2,897,178)	(2,897,178)
e) Expected Investment Earnings at 6.75%	117,326,182	108,510,318
2) Expected Value of Assets as of January 1, 2023	$ 1,844,837,494	$ 1,705,416,247
3) Actual Value of Assets as of January 1, 2023	$ 1,594,492,075	$ 1,679,560,652
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	$ (250,345,419)	$ (25,855,595)
5) Change in excludable assets for AVA	$ -	$ (161,191)
6) Net Actuarial Investment Gain/(Loss) [(4 + (5)]	$ (250,345,419)	$ (26,016,786)
7) Actual Investment Earnings [(1e) + (6)]	$ (133,019,237)	$ 82,493,532
8) Actual Rate of Return as of December 31, 2022 *(net of investment expenses only)*	-7.7%	5.1%
9) Ratio of Actuarial Value of Assets to Market Value		105%

Development of Actuarial Value of Assets

Tables III-4 below shows the development of the Actuarial Value of Assets under the five-year smoothing method for the Trust.

Table III-4
Development of Actuarial Value of Assets for January 1, 2023

1)	Actuarial Value of Assets as of 1/1/2022	$	1,619,357,406
2)	Non-Investment Cash Flow for FYE 2022		(22,451,477)
3)	Expected Return for FYE 2022		108,510,318
4)	Expected Actuarial Value of Assets as of 1/1/2023 [(1) +(2) +(3)]	$	1,705,416,247
5)	Actual Return on Market Value as of FYE 2022	$	(133,019,237)
6)	Actual Return Below Expected in 2022: (5) - (3)	$	(241,529,555)
7)	Recognition of Returns Above / (Below) Expected		
	December 31, 2022 (20% of 6.)	$	(48,305,911)
	December 31, 2021 (20% of 110,287,770)		22,057,554
	December 31, 2020 (20% of 51,601,739)		10,320,348
	December 31, 2019 (20% of 95,456,027)		19,091,205
	December 31, 2018 (20% of -145,899,912)		(29,179,982)
	Total Recognition of Returns for 1/1/2023	$	(26,016,786)
8)	**Preliminary Actuarial Value of Assets as of 1/1/2023** [(4) + (7)]	**$**	**1,679,399,461**
9)	Excludable Assets: Additional Annuity Reserve		
	Beginning of Year	$	1,869,784
	End of Year		1,708,593
	Change in Excludable Assets	$	(161,191)
10)	**Final Actuarial Value of Assets as of 1/1/2023** [(8) - (9)]	**$**	**1,679,560,652**

SECTION III – ASSETS

Allocation of Assets by Class

The following table shows the allocation of the Actuarial Value of Assets between the three Classes (Miscellaneous, Probation, and Safety). The assets are allocated to each Class based on an equalization of each group's funded ratio to the total funded ratio of SLOCPT. The Actuarial Value of Assets is used to calculate each subgroups' UAL and the resulting amortization payment.

Table III-5
Allocation of Assets by Class for January 1, 2023

	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2021	$ 1,244,954,117	$ 72,118,550	$ 302,284,739	$ 1,619,357,406
Valuation Assets as of December 31, 2022				1,679,560,652
Funded Ratio	64.1%	64.1%	64.1%	64.1%
Actuarial Liability	$ 2,017,948,374	$ 116,798,119	$ 487,445,896	$ 2,622,192,389
Allocation of Assets to Equalize Funded Ratios	47,577,545	2,692,713	9,932,988	60,203,246
Valuation Assets as of December 31, 2022	$ 1,292,531,662	$ 74,811,263	$ 312,217,727	$ 1,679,560,652

Historical Investment Performance

The following table shows the historical annual asset returns on both a market value and actuarial value basis since 2006. The 5-year, 10-year and 15-year geometric average annual returns are also included for reference.

Table III-5
Net Return on Market Value and Actuarial Value of Assets

Year Ended December 31	Net Return on Market Value	Net Return on Actuarial Value
2006	11.1%	7.8%
2007	4.8%	8.4%
2008	-28.0%	3.8%
2009	23.5%	5.7%
2010	14.3%	6.0%
2011	2.7%	5.5%
2012	12.0%	6.2%
2013	13.1%	6.2%
2014	4.6%	5.3%
2015	-1.4%	3.0%
2016	6.1%	3.5%
2017	14.9%	6.0%
2018	-3.7%	3.7%
2019	15.2%	5.7%
2020	10.4%	7.9%
2021	13.6%	9.4%
2022	-7.7%	5.1%
Geometric Average		
5-Year	5.1%	6.3%
10-Year	6.2%	5.6%
15-Year	5.2%	5.5%

Returns are net of investment expenses starting in 2021.
Returns are net of both administrative and investment expenses prior to 2021.

SECTION IV – LIABILITIES

In this section, we present detailed information on Trust liabilities including:

- **Disclosure** of Trust liabilities at January 1, 2022 and January 1, 2023;
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Trust obligations; the obligations of the Trust earned as of the valuation date and those to be earned in the future by current Plan participants, under the current Trust provisions.

- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the present value of future Member and future Employer Normal Cost Contributions under an acceptable actuarial funding method. The method used for this Trust is called the **Entry Age Normal** (EAN) funding method.

- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 on the following page discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus,** or an **Unfunded Actuarial Liability**.

SECTION IV – LIABILITIES

Table IV-1
Present Value of Future Benefits and Actuarial Liability
($ in thousands)

	Miscellaneous	Probation	Safety	January 1, 2023 Total	January 1, 2022 Total
Present Value of Benefits					
Actives	$ 879,146	$ 74,692	$ 180,042	$ 1,133,880	$ 1,069,837
Terminated Vested	78,273	3,277	7,704	89,254	83,974
Retirees	1,287,748	56,861	301,805	1,646,413	1,583,314
Disabled	22,480	3,423	53,864	79,767	67,958
Beneficiaries	53,493	2,696	18,532	74,721	70,640
Total Present Value of Benefits	**$ 2,321,140**	**$ 140,949**	**$ 561,948**	**$ 3,024,036**	**$ 2,875,723**
Actuarial Liability					
Total Present Value of Benefits	$ 2,321,140	$ 140,949	$ 561,948	$ 3,024,036	$ 2,875,723
Present Value of Future Normal Costs	303,192	24,151	74,502	401,844	377,616
Actuarial Liability	$ 2,017,948	$ 116,798	$ 487,446	$ 2,622,192	$ 2,498,107
Actuarial Value of Assets	$ 1,292,532	$ 74,811	$ 312,218	$ 1,679,561	$ 1,619,357
Funded Ratio	64.1%	64.1%	64.1%	64.1%	64.8%
Unfunded Actuarial Liability/(Surplus)	$ 725,416	$ 41,987	$ 175,228	$ 942,632	$ 878,750

SECTION IV – LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in the prior tables are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Trust assets resulting from:

- Contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure Plan assets

Table IV-2
Development of 2023 Experience Gain/(Loss)
($ in thousands)

1.	Unfunded Actuarial Liability (UAL) at January 1, 2022	$ 878,750
2.	Middle of year actuarial liability payment	(66,752)
3.	Interest to end of year on 1 and 2	57,100
4.	Expected UAL at January 1, 2023 (1+2+3+4)	$ 869,098
5.	Actual Unfunded Liability at January 1, 2023	942,632
6.	Net Gain/(Loss): (4 - 5)	$ (73,534)
7.	Portion of net Gain/(Loss) due to:	
	a. Actuarial investment loss	$ (26,017)
	b. Active member salary increases more than expected	(34,040)
	c. Contribution implementation delay	(5,626)
	d. Disability experience	(5,562)
	e. Retirement experience	(3,579)
	f. Termination experience	3,612
	g. Inactive mortality gain	3,478
	h. Retiree COLA increases more than expected	(2,566)
	i. Other experience	(3,234)
	Total Gain/(Loss)	$ (73,534)

SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Trust. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Trust, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal (EAN)** cost method. There are three primary components to the total contribution: the **normal cost rate** (employee and employer), the **Unfunded Actuarial Liability rate** (UAL rate), and **assumed administrative expenses**.

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value of each member's projected future benefits as of the member's entry age into the Trust. This value is then divided by the value of the member's expected future salary, also at entry age, producing a normal cost rate that should remain relatively constant over a member's career.

The total normal cost is computed by adding the expected dollar amount of each active member's normal cost for the current year – known as the Individual Entry Age Method. The total normal cost is adjusted with interest to the middle of the year, to reflect the fact that the normal cost contributions are paid throughout the year as member payroll payments are made. Finally, the total normal cost rate, calculated by dividing the total normal cost by expected payroll of the closed group, is reduced by the member contribution rate to produce the employer normal cost rate.

The Unfunded Actuarial Liability (UAL) is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (17 years remaining as of January 1, 2023) as a percentage of payroll. Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a separate closed 20-year period as a percentage of payroll. This is referred to as layered amortization.

The table on the following page presents the calculation of the contribution rates for the Trust for this valuation and compares the total contribution rate with the prior year rate. The tables on the following pages contain more details on the calculation of the UAL amortization payments, as well as details on the calculation of the contribution rates for each group and tier.

SECTION V – CONTRIBUTIONS

The table below presents the calculation of the UAL payments of the Trust as a dollar amount and as a percentage of pay under the amortization policy. The total UAL payment of the Trust is 30.56% as a percentage of pay.

Table V-1
Development of Amortization Payment
For the January 1, 2023 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2023 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	22	$ 596,738,659	17	$ 47,546,692	19.64%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	48,544,339	16	4,043,874	1.67%
3.	Assumption Changes	1/1/2020	53,371,279	20	51,865,304	17	4,132,502	1.71%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	34,466,495	17	2,746,207	1.13%
5.	Assumption Changes	1/1/2021	35,700,366	20	35,133,598	18	2,686,555	1.11%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	22,850,521	18	1,747,307	0.72%
7.	Assumption Changes	1/1/2022	78,053,947	20	77,593,575	19	5,711,276	2.36%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,905,326	19	140,242	0.06%
9.	(Gain)/Loss Base	1/1/2023	73,533,922	20	73,533,922	20	5,223,827	2.16%
	Total				$ 942,631,737		$ 73,978,482	30.56%

[1] *The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.*

SECTION V – CONTRIBUTIONS

Table V-2 shows the calculations of the contribution rates for each Class, as well as a comparison to the prior year rates.

Table V-2
Actuarially Determined Contribution (ADC) Rate and Unfunded Actuarial Liability (UAL) by Class

	January 1, 2022	January 1, 2023	Change
MISCELLANEOUS			
Total Normal Cost	20.38%	20.03%	-0.35%
Administrative Expenses	1.06%	1.01%	-0.05%
UAL Amortization	27.91%	28.42%	0.51%
Total Miscellaneous ADC	49.35%	49.46%	0.11%
UAL attributable to Miscellaneous	$675,579,008	$725,416,712	7.4%
Projected Payroll	$183,887,318	$200,347,680	9.0%
PROBATION			
Total Normal Cost	26.89%	26.56%	-0.33%
Administrative Expenses	1.06%	1.01%	-0.05%
UAL Amortization	30.52%	30.98%	0.46%
Total Probation ADC	58.47%	58.55%	0.08%
UAL attributable to Probation	$39,135,401	$41,986,856	7.3%
Projected Payroll	$9,739,933	$10,636,267	9.2%
SAFETY			
Total Normal Cost	27.24%	27.09%	-0.15%
Administrative Expenses	1.06%	1.01%	-0.05%
UAL Amortization	41.01%	44.24%	3.23%
Total Safety ADC	69.31%	72.34%	3.03%
UAL attributable to Safety	$164,035,945	$175,228,169	6.8%
Projected Payroll	$30,382,727	$31,083,332	2.3%
TOTAL			
Total Normal Cost	21.62%	21.24%	-0.38%
Administrative Expenses	1.06%	1.01%	-0.05%
UAL Amortization	29.80%	30.56%	0.76%
Total SLOCPT ADC	52.48%	52.81%	0.33%
Total Unfunded Actuarial Liability	$878,750,354	$942,631,737	7.3%
Projected Payroll	$224,009,978	$242,067,279	8.1%

SECTION V – CONTRIBUTIONS

Tables V-3 through V-5 show the calculations of the normal cost rates for each Class and Tier, as well as by bargaining unit.

Table V-3
Normal Cost by Tier as of January 1, 2023

	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions[1]	13.82%	5.85%	13.77%	12.91%
Employer Paid Member Contributions	8.18%	9.05%	0.00%	3.56%
Employer Normal Cost	2.93%	5.15%	3.60%	3.57%
Total Normal Cost	24.93%	20.05%	17.37%	20.03%
COLA portion of Normal Cost	5.88%	3.51%	2.97%	3.94%
PROBATION				
Member Paid Contributions[1]	19.95%	N/A	17.00%	18.86%
Employer Paid Member Contributions	6.25%	N/A	0.00%	3.94%
Employer Normal Cost	4.18%	N/A	3.25%	3.76%
Total Normal Cost	30.37%	N/A	20.25%	26.56%
COLA portion of Normal Cost	8.00%	N/A	3.88%	6.45%
SAFETY				
Member Paid Contributions[1]	16.01%	9.83%	14.66%	14.25%
Employer Paid Member Contributions	6.48%	6.60%	0.00%	3.09%
Employer Normal Cost	9.75%	12.73%	8.77%	9.75%
Total Normal Cost	32.24%	29.15%	23.43%	27.09%
COLA portion of Normal Cost	9.07%	5.90%	4.77%	6.27%
TOTAL				
Member Paid Contributions[1]	14.61%	6.61%	13.97%	13.34%
Employer Paid Member Contributions	7.81%	8.58%	0.00%	3.52%
Employer Normal Cost	3.86%	6.63%	4.22%	4.38%
Total Normal Cost	26.28%	21.82%	18.20%	21.24%
COLA portion of Normal Cost	6.45%	3.98%	3.21%	4.35%

[1] *Weighted-average of all active members in group. Excludes the portion of Employer Paid for Member Contributions ("pick-ups") for applicable bargaining units.*

SECTION V – CONTRIBUTIONS

Table V-4
Elements of Normal Cost as of January 1, 2023

Miscellaneous Valuation Groups

	RTA	Other	Management				SLOCEA				
	BU #71, 72	BU #14, 21-22	Non Court	Court BU #18	Court BU #24-28	Total Mgmt	Non Court	Court BU #19	Court BU #20	Total SLOCEA	Total Misc.
Service Retirement	21.59%	13.11%	16.46%	18.62%	17.56%	16.57%	14.86%	14.67%	15.00%	14.86%	15.50%
Vesting	1.61%	1.86%	1.94%	1.63%	2.11%	1.94%	1.75%	3.08%	1.92%	1.76%	1.82%
Death-in-Service	0.18%	0.12%	0.18%	0.16%	0.16%	0.18%	0.16%	0.12%	0.14%	0.16%	0.16%
Disability	0.23%	0.27%	0.29%	0.31%	0.31%	0.29%	0.27%	0.31%	0.27%	0.27%	0.27%
Refunds	1.02%	1.47%	2.46%	2.58%	2.73%	2.48%	2.18%	2.82%	2.44%	2.19%	2.28%
Total Normal Cost	24.64%	16.82%	21.32%	23.28%	22.87%	21.46%	19.20%	21.00%	19.77%	19.23%	20.03%
Member Contribution Rate[1]	14.61%	10.92%	16.80%	19.82%	20.16%	17.07%	16.15%	19.77%	18.16%	16.24%	16.46%
Employer Paid Member Contribution Rate	0.00%	1.78%	4.90%	0.00%	0.00%	4.49%	3.15%	0.00%	0.00%	3.02%	3.56%
County Normal Cost	10.03%	5.90%	4.52%	3.47%	2.72%	4.39%	3.05%	1.23%	1.62%	2.99%	3.57%

[1] *Average of all active members in group. Member Contribution Rate is the total rate, including the portion of Employer Paid Member Contribution Rate ("pick-ups") for applicable bargaining units.*

SECTION V – CONTRIBUTIONS

Table V-5
Elements of Normal Cost as of January 1, 2023
Safety and Probation Valuation Groups

	Probation			Safety					
				Management		Non-Management			
	Management	Non-Management	Total Probation	Sworn	Non-Sworn	Sworn	Non-Sworn	Total Safety	Grand Total
Service Retirement	24.99%	20.73%	21.10%	49.22%	22.20%	21.12%	20.26%	21.02%	16.46%
Vesting	2.82%	1.52%	1.63%	0.00%	2.17%	1.23%	0.80%	1.09%	1.71%
Death-in-Service	0.22%	0.19%	0.20%	0.88%	0.44%	0.49%	0.46%	0.48%	0.21%
Disability	1.96%	1.47%	1.51%	5.35%	2.79%	2.88%	2.89%	2.90%	0.67%
Refunds	2.89%	2.04%	2.12%	2.96%	2.45%	1.65%	1.47%	1.61%	2.18%
Total Normal Cost	32.87%	25.96%	26.56%	58.41%	30.05%	27.37%	25.87%	27.09%	21.24%
Member Contribution Rate[1]	26.88%	22.40%	22.79%	29.04%	24.44%	17.45%	16.09%	17.34%	16.86%
Employer Paid Member Contribution Rate	9.29%	3.42%	3.94%	8.87%	1.14%	3.50%	2.69%	3.09%	3.52%
County Normal Cost	5.99%	3.56%	3.76%	29.37%	5.60%	9.92%	9.78%	9.75%	4.38%

[1] *Average of all active members in group. Member Contribution Rate is the total rate, including the portion of Employer Paid Member Contribution Rate ("pick-ups")*

SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING INFORMATION

The disclosures needed to satisfy the GASB requirements can be found in the SLOCPT GASB 67/68 Report as of December 31, 2022.

In accordance with Government Finance Officers Association (GFOA) and its recommended checklist for Annual Comprehensive Financial Reports, the Schedule of Funding Progress, and the Schedule of Funded Liabilities by Type (formerly known as the Solvency Test) disclosures are included below.

Table VI-1 on the following page shows the Schedule of Funding Progress for the Plan.

Table VI-1

Schedule of Funding Progress
($ in thousands)

Valuation Date	Actuarial Value of Assets[1]	Actuarial Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
12/31/2013 [2,3]	$ 1,182,924	$ 1,518,751	$ 335,827	77.9%	$ 164,704	203.9%
12/31/2014	1,231,474	1,605,591	374,117	76.7%	167,695	223.1%
12/31/2015	1,248,328	1,686,497	438,169	74.0%	177,004	247.5%
12/31/2015 [2]	1,248,328	1,749,342	501,014	71.4%	177,004	283.1%
12/31/2016	1,268,405	1,827,342	558,937	69.4%	185,020	302.1%
12/31/2017	1,328,750	1,937,173	608,423	68.6%	196,848	309.1%
12/31/2017 [2]	1,328,750	1,945,681	616,931	68.3%	196,848	313.4%
12/31/2018	1,362,562	2,029,929	667,367	67.1%	200,537	332.8%
12/31/2019	1,416,763	2,116,700	699,937	66.9%	205,694	340.3%
12/31/2019 [2]	1,416,763	2,170,071	753,308	65.3%	205,694	366.2%
12/31/2020	1,506,270	2,277,428	771,158	66.1%	214,044	360.3%
12/31/2020 [2]	1,506,270	2,313,128	806,858	65.1%	214,044	377.0%
12/31/2021	1,619,357	2,420,054	800,696	66.9%	224,010	357.4%
12/31/2021 [2]	1,619,357	2,498,108	878,750	64.8%	224,010	392.3%
12/31/2022	1,679,561	2,622,192	942,632	64.1%	242,067	389.4%

December 31, 2019 and earlier values were calculated by the prior actuary.

[1] *Assets and liabilities do not include Employee Additional Reserve amounts of:*

12/31/2013	5,942,492	12/31/2018	2,784,819
12/31/2014	5,295,316	12/31/2019	2,598,886
12/31/2015	4,362,000	12/31/2020	2,265,799
12/31/2016	3,961,371	12/31/2021	1,869,784
12/31/2017	3,267,574	12/31/2022	1,708,593

[2] *Reflects assumption changes.*
[3] *Reflects benefit provisions under Tier 3 for new members.*

SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING INFORMATION

Table VI-2 below shows the Schedule of Funded Liabilities by Type, which shows the portion of actuarial liabilities that are covered by the Actuarial Value of Assets.

Table VI-2

Schedule of Funded Liabilities by Type

Valuation Date January 1,	(A) Active Member Contributions	(B) Retirees, Beneficiaries, and Term Vested	(C) Remaining Active Members' Liabilities	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets (A)	(B)	(C)
2014	$ 273,309,118	$ 906,484,213	$ 338,957,696	$ 1,182,923,978	100%	100%	1%
2015	281,229,850	1,007,167,130	317,194,229	1,231,473,577	100%	94%	0%
2016	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	85%	0%
2017	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	81%	0%
2018	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	78%	0%
2019	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	74%	0%
2020	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	71%	0%
2021	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	70%	0%
2022	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	70%	0%
2023	362,911,900	1,890,155,570	369,124,919	1,679,560,652	100%	70%	0%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Trust staff as of January 1, 2023. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Reconciliation of Membership since Prior Valuation

Membership Data Reconcilation								
	Active	Terminated Non-Vested	Terminated Vested	Disabled	Retired	DROP	Beneficiary	Total
As of January 1, 2022	**2,776**	**256**	**605**	**144**	**2,701**	**77**	**250**	**6,809**
New Entrants	451							451
Returned to Work	12	(2)	(10)					0
Industrial Disabilities	(9)	(1)		12	(2)			0
Ordinary Disabilities			(2)	2				0
Retirements	(66)		(27)		118	(25)		0
DROP	(18)					18		0
Vested Terminations	(93)		93					0
Reciprocal Terminations	(17)	(1)	18					0
Non-Vested Terminations	(106)	106						0
Deceased With Beneficiaries Payable	(1)				(22)	(1)	24	0
Deceased Without Beneficiary	(3)	(1)		(3)	(48)	(1)		(56)
Beneficiary Deaths							(14)	(14)
Benefits Stopped Not Due to Death								0
Domestic Relations Orders			4		6			10
Refund of Contributions	(96)	(48)	(11)					(155)
Data Adjustments			2					2
As of January 1, 2023	**2,830**	**309**	**672**	**155**	**2,753**	**68**	**260**	**7,047**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2023

San Luis Obispo County Pension Trust
Valuation Data Comparison - Actives

	January 1, 2022	January 1, 2023	Change
Total Actives			
Count	2,776	2,830	1.9 %
Average Age	44.2	43.9	(0.3)
Average Service	8.6	8.3	(0.3)
Total Salaries	$ 224,019,349	$ 242,067,280	8.1 %
Average Salaries	$ 80,699	$ 85,536	6.0 %
Miscellaneous Members			
Count	2,360	2,408	2.0 %
Average Age	45.0	44.7	(0.4)
Average Service	8.5	8.2	(0.3)
Total Salaries	$ 183,896,690	$ 200,347,680	8.9 %
Average Salaries	$ 77,922	$ 83,201	6.8 %
Probation Members			
Count	114	122	7.0 %
Average Age	40.9	40.4	(0.4)
Average Service	11.0	10.7	(0.3)
Total Salaries	$ 9,739,933	$ 10,636,267	9.2 %
Average Salaries	$ 85,438	$ 87,183	2.0 %
Safety Members			
Count	302	300	(0.7)%
Average Age	38.5	38.8	0.3
Average Service	8.2	8.3	0.1
Total Salaries	$ 30,382,726	$ 31,083,333	2.3 %
Average Salaries	$ 100,605	$ 103,611	3.0 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2023

San Luis Obispo County Pension Trust
Valuation Data Comparison - Actives by Tier
(Total Salaries in thousands)

		January 1, 2022	January 1, 2023	Change
Total Actives				
Total	Count	2,776	2,830	1.9 %
	Total Salaries	224,019	242,067	8.1 %
Tier 1	Count	881	783	(11.1)%
	Total Salaries	81,234	78,607	(3.2)%
Tier 2	Count	289	268	(7.3)%
	Total Salaries	27,491	27,614	0.4 %
Tier 3	Count	1,606	1,779	10.8 %
	Total Salaries	115,294	135,846	17.8 %
Miscellaneous Members				
Total	Count	2,360	2,408	2.0 %
	Total Salaries	183,897	200,348	8.9 %
Tier 1	Count	722	636	(11.9)%
	Total Salaries	64,511	62,465	(3.2)%
Tier 2	Count	241	222	(7.9)%
	Total Salaries	22,219	22,314	0.4 %
Tier 3	Count	1,397	1,550	11.0 %
	Total Salaries	97,167	115,568	18.9 %
Probation Members				
Total	Count	114	122	7.0 %
	Total Salaries	9,740	10,636	9.2 %
Tier 1	Count	70	67	(4.3)%
	Total Salaries	6,601	6,702	1.5 %
Tier 2	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
Tier 3	Count	44	55	25.0 %
	Total Salaries	3,139	3,934	25.3 %
Safety Members				
Total	Count	302	300	(0.7)%
	Total Salaries	30,383	31,083	2.3 %
Tier 1	Count	89	80	(10.1)%
	Total Salaries	10,122	9,439	(6.7)%
Tier 2	Count	48	46	(4.2)%
	Total Salaries	5,272	5,300	0.5 %
Tier 3	Count	165	174	5.5 %
	Total Salaries	14,989	16,344	9.0 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2023

San Luis Obispo County Pension Trust
Valuation Data Comparison - Terminated Vested

	January 1, 2022	January 1, 2023	Change
All Terminated Vesteds			
Deferred			
Count	445	503	13.0 %
Average Age	49.0	48.3	(0.7)
Average Age at Termination	41.0	40.9	(0.1)
Average Service	9.8	9.7	(0.1)
Member Contributions	$ 53,248,302	$ 60,366,160	13.4 %
Average Contribution Balance	$ 119,659	$ 120,012	0.3 %
Reciprocal			
Count	160	169	5.6 %
Average Age	44.3	43.6	(0.7)
Average Age at Termination	35.3	34.8	(0.4)
Average Service	3.6	3.3	(8.7)%
Member Contributions	$ 3,382,902	$ 3,563,424	5.3 %
Average Contribution Balance	$ 21,143	$ 21,085	(0.3)%
Total			
Count	605	672	11.1 %
Average Age	47.7	47.1	(0.6)
Average Age at Termination	39.4	39.3	(0.1)
Average Service	8.1	8.1	(0.9)%
Member Contributions	$ 56,631,204	$ 63,929,583	12.9 %
Average Contribution Balance	$ 93,605	$ 95,133	1.6 %
Miscellaneous Terminated Vesteds			
Deferred			
Count	385	440	14.3 %
Average Age	49.7	49.0	(0.7)
Average Age at Termination	41.6	41.5	(0.1)
Average Service	9.8	9.6	(0.2)
Member Contributions	$ 45,199,925	$ 51,642,229	14.3 %
Average Contribution Balance	$ 117,402	$ 117,369	(0.0)%
Reciprocal			
Count	147	156	6.1 %
Average Age	44.4	43.6	(0.8)
Average Age at Termination	35.5	35.0	(0.5)
Average Service	3.6	3.3	(9.4)%
Member Contributions	$ 3,064,143	$ 3,225,927	5.3 %
Average Contribution Balance	$ 20,845	$ 20,679	(0.8)%
Total Miscellaneous			
Count	532	596	12.0 %
Average Age	48.2	47.6	(0.6)
Average Age at Termination	39.8	39.8	(0.1)
Average Service	8.1	8.0	(1.7)%
Member Contributions	$ 48,264,068	$ 54,868,156	13.7 %
Average Contribution Balance	$ 90,722	$ 92,061	1.5 %

APPENDIX A – MEMBERSHIP INFORMATION

San Luis Obispo County Pension Trust
Valuation Data Comparison - Terminated Vested (continued)

	January 1, 2022	January 1, 2023	Change
Probation Terminated Vesteds			
Deferred			
Count	16	17	6.3 %
Average Age	43.5	42.9	(0.6)
Average Age at Termination	36.3	36.1	(0.2)
Average Service	9.2	9.6	0.4
Member Contributions	$ 1,673,866	$ 1,994,012	19.1 %
Average Contribution Balance	$ 104,617	$ 117,295	12.1 %
Reciprocal			
Count	6	6	0.0 %
Average Age	43.8	44.8	1.0
Average Age at Termination	31.7	31.7	-
Average Service	3.5	3.5	0.0 %
Member Contributions	$ 161,303	$ 170,984	6.0 %
Average Contribution Balance	$ 26,884	$ 28,497	6.0 %
Total Probation			
Count	22	23	4.5 %
Average Age	43.6	43.4	(0.2)
Average Age at Termination	35.0	34.9	(0.1)
Average Service	7.6	8.0	5.1 %
Member Contributions	$ 1,835,169	$ 2,164,996	18.0 %
Average Contribution Balance	$ 83,417	$ 94,130	12.8 %
Safety Terminated Vesteds			
Deferred			
Count	44	46	4.5 %
Average Age	45.2	44.2	(1.0)
Average Age at Termination	37.4	36.5	(0.9)
Average Service	9.4	10.1	0.6
Member Contributions	$ 6,374,511	$ 6,729,919	5.6 %
Average Contribution Balance	$ 144,875	$ 146,303	1.0 %
Reciprocal			
Count	7	7	0.0 %
Average Age	42.4	43.4	1.0
Average Age at Termination	34.4	34.4	-
Average Service	3.0	3.0	0.0 %
Member Contributions	$ 157,456	$ 166,512	5.8 %
Average Contribution Balance	$ 22,494	$ 23,787	5.8 %
Total Safety			
Count	51	53	3.9 %
Average Age	44.8	44.1	(0.7)
Average Age at Termination	37.0	36.2	(0.8)
Average Service	8.5	9.1	6.9 %
Member Contributions	$ 6,531,968	$ 6,896,431	5.6 %
Average Contribution Balance	$ 128,078	$ 130,121	1.6 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2023

San Luis Obispo County Pension Trust Valuation Data Comparison - Retirees	January 1, 2022	January 1, 2023	Change
Total Retirees			
Count	2,922	2,976	1.8 %
Average Age	70.1	70.3	0.2
Average Age at Retirement	58.7	58.7	0.0
Annual Benefit	$ 113,152,689	$ 119,436,459	5.6 %
Average Annual Benefit	$ 38,724	$ 40,133	3.6 %
Miscellaneous Retirees			
Count	2,497	2,538	1.6 %
Average Age	71.0	71.3	0.3
Average Age at Retirement	59.6	59.6	0.1
Annual Benefit	$ 88,666,634	$ 93,750,484	5.7 %
Average Annual Benefit	$ 35,509	$ 36,939	4.0 %
Probation Retirees			
Count	81	82	1.2 %
Average Age	66.9	67.4	0.5
Average Age at Retirement	55.6	55.8	0.1
Annual Benefit	$ 4,041,390	$ 4,057,440	0.4 %
Average Annual Benefit	$ 49,894	$ 49,481	(0.8)%
Safety Retirees			
Count	344	356	3.5 %
Average Age	64.1	63.9	(0.2)
Average Age at Retirement	53.1	52.9	(0.2)
Annual Benefit	$ 20,444,664	$ 21,628,535	5.8 %
Average Annual Benefit	$ 59,432	$ 60,754	2.2 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2023

San Luis Obispo County Pension Trust
Valuation Data Comparison - DROP Retirees

	January 1, 2022	January 1, 2023	Change
Total DROP Retirees			
Count	77	68	(11.7)%
Average Age	60.9	61.3	0.4
Average Age at Retirement	58.7	59.0	0.3
Annual Benefit	$ 5,659,871	$ 4,983,306	(12.0)%
Average Annual Benefit	$ 73,505	$ 73,284	(0.3)%
Miscellaneous DROP Retirees			
Count	51	45	(11.8)%
Average Age	63.5	63.8	0.3
Average Age at Retirement	61.3	61.6	0.3
Annual Benefit	$ 3,401,338	$ 3,072,744	(9.7)%
Average Annual Benefit	$ 66,693	$ 68,283	2.4 %
Probation DROP Retirees			
Count	1	-	(100.0)%
Average Age	61.0	-	(61.0)
Average Age at Retirement	57.0	-	(57.0)
Annual Benefit	$ 135,041	-	(100.0)%
Average Annual Benefit	$ 135,041	-	(100.0)%
Safety DROP Retirees			
Count	25	23	(8.0)%
Average Age	55.6	56.4	0.8
Average Age at Retirement	53.5	53.9	0.4
Annual Benefit	$ 2,123,492	$ 1,910,562	(10.0)%
Average Annual Benefit	$ 84,940	$ 83,068	(2.2)%

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2023

San Luis Obispo County Pension Trust
Valuation Data Comparison - New Retirees Only

	January 1, 2022	January 1, 2023	Change
Total Retirees			
Count	140	139	(0.7)%
Average Age at Retirement	61.1	59.2	(1.9)
Average Annual Benefit	$ 37,232	$ 43,112	15.8 %
Miscellaneous Retirees			
Count	119	114	(4.2)%
Average Age at Retirement	62.4	61.3	(1.0)
Average Annual Benefit	$ 35,051	$ 41,143	17.4 %
Probation Retirees			
Count	1	5	400.0 %
Average Age at Retirement	54.0	57.2	3.2
Average Annual Benefit	$ 6,600	$ 46,678	607.2 %
Safety Retirees			
Count	20	20	0.0 %
Average Age at Retirement	53.9	47.4	(6.5)
Average Annual Benefit	$ 51,741	$ 53,445	3.3 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2023

San Luis Obispo County Pension Trust
Valuation Data Comparison - Beneficiaries

	January 1, 2022	January 1, 2023	Change
Total Beneficiaries			
Count	250	260	4.0 %
Average Age	76.3	76.3	(0.0)
Annual Benefit	$ 6,521,508	$ 6,945,322	6.5 %
Average Annual Benefit	$ 26,086	$ 26,713	2.4 %
Miscellaneous Beneficiaries			
Count	205	215	4.9 %
Average Age	76.5	76.5	0.0
Annual Benefit	$ 4,790,952	$ 5,117,219	6.8 %
Average Annual Benefit	$ 23,370	$ 23,801	1.8 %
Probation Beneficiaries			
Count	6	7	16.7 %
Average Age	79.5	78.1	(1.4)
Annual Benefit	$ 208,947	$ 271,990	30.2 %
Average Annual Benefit	$ 34,824	$ 38,856	11.6 %
Safety Beneficiaries			
Count	39	38	(2.6)%
Average Age	74.9	75.0	0.0
Annual Benefit	$ 1,521,609	$ 1,556,113	2.3 %
Average Annual Benefit	$ 39,016	$ 40,950	5.0 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2023

San Luis Obispo County Pension Trust
Total Benefits by Benefit Type

Type of Benefit	Number	Annual Benefit Amount
Service Retirement		
Unmodified	1,183	$42,327,937
Cash Refund	196	7,319,390
100% Continuance	842	39,154,149
50% Continuance	287	14,067,253
Benefits Coordinated with Social Security		
Unmodified	145	$4,439,209
Cash Refund	44	1,364,575
100% Continuance	72	3,230,765
50% Continuance	52	2,350,822
Total Service Retirement	2,821	$114,254,101
Disability Retirement		
Unmodified	88	$2,836,010
Cash Refund	14	331,461
100% Continuance	44	1,719,461
50% Continuance	9	295,426
Total Disability Retirement	155	$5,182,358
Beneficiaries	260	$6,945,322
Total Benefits	3,236	$126,381,781

APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Total Salary as of January 1, 2023

Age and Service Distribution for Active Members									
Attained	Years of Service as of January 1, 2023								
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	Count	Payroll
< 25	56							56	$ 3,342,249
25 - 29	222	22						244	15,881,476
30 - 34	250	130	10					390	29,981,648
35 - 39	170	183	51	20				424	35,170,385
40 - 44	161	147	56	74	13	1		452	39,695,102
45 - 49	86	73	54	60	54	6		333	31,394,582
50 - 54	85	61	30	61	59	25	5	326	30,907,742
55 - 59	62	59	34	46	56	33	15	305	29,079,318
60 - 64	46	54	30	29	30	19	5	213	18,826,862
65 - 69	16	21	10	11	9	3	2	72	6,656,330
70 +	2	5	5	3				15	1,131,585
Total	**1,156**	**755**	**280**	**304**	**221**	**87**	**27**	**2,830**	$ 242,067,280

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates

Miscellaneous - Tier 1

BU Entry Age	14,21,22 Other	7a (LAFCO) Non-Court Management	7c (LAFCO) Non-Court Management	4 Non-Court Management	7,8,9,10,11,17 Non-Court Management	12 Non-Court Management	17c, 18 Court Other	20 Court Other	24,26,27,28 Court Management	25 Court Management	1,5,13 Non-Court SLOCEA	2 Non-Court SLOCEA	19 Court SLOCEA	98 Non-Court SLOCEA	99 Non-Court Management
18	15.15%	19.00%	16.83%	21.69%	21.19%	20.30%	22.14%	19.62%	20.99%	20.00%	20.88%	20.32%	19.14%	22.24%	22.55%
19	15.22%	19.07%	16.90%	21.76%	21.26%	20.37%	22.21%	19.69%	21.06%	20.07%	20.95%	20.39%	19.21%	22.31%	22.62%
20	15.29%	19.14%	16.97%	21.83%	21.33%	20.44%	22.28%	19.76%	21.13%	20.14%	21.02%	20.46%	19.28%	22.38%	22.69%
21	15.35%	19.20%	17.03%	21.89%	21.39%	20.50%	22.34%	19.82%	21.19%	20.20%	21.08%	20.52%	19.34%	22.44%	22.75%
22	15.37%	19.22%	17.05%	21.91%	21.41%	20.52%	22.36%	19.84%	21.21%	20.22%	21.10%	20.54%	19.36%	22.46%	22.77%
23	15.39%	19.24%	17.07%	21.93%	21.43%	20.54%	22.38%	19.86%	21.23%	20.24%	21.12%	20.56%	19.38%	22.48%	22.79%
24	15.42%	19.27%	17.10%	21.96%	21.46%	20.57%	22.41%	19.89%	21.26%	20.27%	21.15%	20.59%	19.41%	22.51%	22.82%
25	15.46%	19.31%	17.14%	22.00%	21.50%	20.61%	22.45%	19.93%	21.30%	20.31%	21.19%	20.63%	19.45%	22.55%	22.86%
26	15.51%	19.36%	17.19%	22.05%	21.55%	20.66%	22.50%	19.98%	21.35%	20.36%	21.24%	20.68%	19.50%	22.60%	22.91%
27	15.56%	19.41%	17.24%	22.10%	21.60%	20.71%	22.55%	20.03%	21.40%	20.41%	21.29%	20.73%	19.55%	22.65%	22.96%
28	15.62%	19.47%	17.30%	22.16%	21.66%	20.77%	22.61%	20.09%	21.46%	20.47%	21.35%	20.79%	19.61%	22.71%	23.02%
29	15.69%	19.54%	17.37%	22.23%	21.73%	20.84%	22.68%	20.16%	21.53%	20.54%	21.42%	20.86%	19.68%	22.78%	23.09%
30	15.76%	19.61%	17.44%	22.30%	21.80%	20.91%	22.75%	20.23%	21.60%	20.61%	21.49%	20.93%	19.75%	22.85%	23.16%
31	15.84%	19.69%	17.52%	22.38%	21.88%	20.99%	22.83%	20.31%	21.68%	20.69%	21.57%	21.01%	19.83%	22.93%	23.24%
32	15.93%	19.78%	17.61%	22.47%	21.97%	21.08%	22.92%	20.40%	21.77%	20.78%	21.66%	21.10%	19.92%	23.02%	23.33%
33	16.02%	19.87%	17.70%	22.56%	22.06%	21.17%	23.01%	20.49%	21.86%	20.87%	21.75%	21.19%	20.01%	23.11%	23.42%
34	16.12%	19.97%	17.80%	22.66%	22.16%	21.27%	23.11%	20.59%	21.96%	20.97%	21.85%	21.29%	20.11%	23.21%	23.52%
35	16.22%	20.07%	17.90%	22.76%	22.26%	21.37%	23.21%	20.69%	22.06%	21.07%	21.95%	21.39%	20.21%	23.31%	23.62%
36	16.32%	20.17%	18.00%	22.86%	22.36%	21.47%	23.31%	20.79%	22.16%	21.17%	22.05%	21.49%	20.31%	23.41%	23.72%
37	16.43%	20.28%	18.11%	22.97%	22.47%	21.58%	23.42%	20.90%	22.27%	21.28%	22.16%	21.60%	20.42%	23.52%	23.83%
38	16.54%	20.39%	18.22%	23.08%	22.58%	21.69%	23.53%	21.01%	22.38%	21.39%	22.27%	21.71%	20.53%	23.63%	23.94%
39	16.66%	20.51%	18.34%	23.20%	22.70%	21.81%	23.65%	21.13%	22.50%	21.51%	22.39%	21.83%	20.65%	23.75%	24.06%
40	16.78%	20.63%	18.46%	23.32%	22.82%	21.93%	23.77%	21.25%	22.62%	21.63%	22.51%	21.95%	20.77%	23.87%	24.18%
41	16.91%	20.76%	18.59%	23.45%	22.95%	22.06%	23.90%	21.38%	22.75%	21.76%	22.64%	22.08%	20.90%	24.00%	24.31%
42	17.04%	20.89%	18.72%	23.58%	23.08%	22.19%	24.03%	21.51%	22.88%	21.89%	22.77%	22.21%	21.03%	24.13%	24.44%
43	17.18%	21.03%	18.86%	23.72%	23.22%	22.33%	24.17%	21.65%	23.02%	22.03%	22.91%	22.35%	21.17%	24.27%	24.58%
44	17.32%	21.17%	19.00%	23.86%	23.36%	22.47%	24.31%	21.79%	23.16%	22.17%	23.05%	22.49%	21.31%	24.41%	24.72%
45	17.46%	21.31%	19.14%	24.00%	23.50%	22.61%	24.45%	21.93%	23.30%	22.31%	23.19%	22.63%	21.45%	24.55%	24.86%
46	17.61%	21.46%	19.29%	24.15%	23.65%	22.76%	24.60%	22.08%	23.45%	22.46%	23.34%	22.78%	21.60%	24.70%	25.01%
47	17.77%	21.62%	19.45%	24.31%	23.81%	22.92%	24.76%	22.24%	23.61%	22.62%	23.50%	22.94%	21.76%	24.86%	25.17%
48	17.93%	21.78%	19.61%	24.47%	23.97%	23.08%	24.92%	22.40%	23.77%	22.78%	23.66%	23.10%	21.92%	25.02%	25.33%
49	18.09%	21.94%	19.77%	24.63%	24.13%	23.24%	25.08%	22.56%	23.93%	22.94%	23.82%	23.26%	22.08%	25.18%	25.49%
50	18.26%	22.11%	19.94%	24.80%	24.30%	23.41%	25.25%	22.73%	24.10%	23.11%	23.99%	23.43%	22.25%	25.35%	25.66%
51	18.43%	22.28%	20.11%	24.97%	24.47%	23.58%	25.42%	22.90%	24.27%	23.28%	24.16%	23.60%	22.42%	25.52%	25.83%
52	18.60%	22.45%	20.28%	25.14%	24.64%	23.75%	25.59%	23.07%	24.44%	23.45%	24.33%	23.77%	22.59%	25.69%	26.00%
53	18.78%	22.63%	20.46%	25.32%	24.82%	23.93%	25.77%	23.25%	24.62%	23.63%	24.51%	23.95%	22.77%	25.87%	26.18%
54	18.96%	22.81%	20.64%	25.50%	25.00%	24.11%	25.95%	23.43%	24.80%	23.81%	24.69%	24.13%	22.95%	26.05%	26.36%
55	19.15%	23.00%	20.83%	25.69%	25.19%	24.30%	26.14%	23.62%	24.99%	24.00%	24.88%	24.32%	23.14%	26.24%	26.55%
56	19.34%	23.19%	21.02%	25.88%	25.38%	24.49%	26.33%	23.81%	25.18%	24.19%	25.07%	24.51%	23.33%	26.43%	26.74%
57	19.53%	23.38%	21.21%	26.07%	25.57%	24.68%	26.52%	24.00%	25.37%	24.38%	25.26%	24.70%	23.52%	26.62%	26.93%
58	19.73%	23.58%	21.41%	26.27%	25.77%	24.88%	26.72%	24.20%	25.57%	24.58%	25.46%	24.90%	23.72%	26.82%	27.13%
59+	19.93%	23.78%	21.61%	26.47%	25.97%	25.08%	26.92%	24.40%	25.77%	24.78%	25.66%	25.10%	23.92%	27.02%	27.33%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Probation - Tier 1			
BU	8	9	31,32
Entry Age	Management	Management	Non-Management
18	25.84%	25.84%	25.43%
19	25.92%	25.92%	25.51%
20	26.00%	26.00%	25.59%
21	26.07%	26.07%	25.66%
22	26.09%	26.09%	25.68%
23	26.11%	26.11%	25.70%
24	26.14%	26.14%	25.73%
25	26.19%	26.19%	25.78%
26	26.24%	26.24%	25.83%
27	26.30%	26.30%	25.89%
28	26.36%	26.36%	25.95%
29	26.44%	26.44%	26.03%
30	26.52%	26.52%	26.11%
31	26.61%	26.61%	26.20%
32	26.71%	26.71%	26.30%
33	26.81%	26.81%	26.40%
34	26.92%	26.92%	26.51%
35	27.03%	27.03%	26.62%
36	27.14%	27.14%	26.73%
37	27.26%	27.26%	26.85%
38	27.38%	27.38%	26.97%
39	27.51%	27.51%	27.10%
40	27.65%	27.65%	27.24%
41	27.79%	27.79%	27.38%
42	27.93%	27.93%	27.52%
43	28.09%	28.09%	27.68%
44	28.24%	28.24%	27.83%
45	28.40%	28.40%	27.99%
46	28.57%	28.57%	28.16%
47	28.74%	28.74%	28.33%
48	28.92%	28.92%	28.51%
49	29.10%	29.10%	28.69%
50	29.28%	29.28%	28.87%
51	29.47%	29.47%	29.06%
52	29.66%	29.66%	29.25%
53	29.86%	29.86%	29.45%
54	30.06%	30.06%	29.65%
55	30.27%	30.27%	29.86%
56	30.48%	30.48%	30.07%
57	30.69%	30.69%	30.28%
58	30.91%	30.91%	30.50%
59+	31.13%	31.13%	30.72%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Safety - Tier 1								
BU Entry Age	6 Non-Management	3,14 Non-Management	27,28 Non-Management	7 Management	10 (Sheriff-Coroner) Management	15 (non-sworn) Management	15 (sworn) Management	16 (sworn) Management
18	22.12%	16.22%	22.35%	26.30%	30.95%	22.48%	27.23%	33.13%
19	22.23%	16.33%	22.46%	26.41%	31.06%	22.59%	27.34%	33.24%
20	22.34%	16.44%	22.57%	26.52%	31.17%	22.70%	27.45%	33.35%
21	22.45%	16.55%	22.68%	26.63%	31.28%	22.81%	27.56%	33.46%
22	22.56%	16.66%	22.79%	26.74%	31.39%	22.92%	27.67%	33.57%
23	22.68%	16.78%	22.91%	26.86%	31.51%	23.04%	27.79%	33.69%
24	22.80%	16.90%	23.03%	26.98%	31.63%	23.16%	27.91%	33.81%
25	22.92%	17.02%	23.15%	27.10%	31.75%	23.28%	28.03%	33.93%
26	23.04%	17.14%	23.27%	27.22%	31.87%	23.40%	28.15%	34.05%
27	23.16%	17.26%	23.39%	27.34%	31.99%	23.52%	28.27%	34.17%
28	23.28%	17.38%	23.51%	27.46%	32.11%	23.64%	28.39%	34.29%
29	23.40%	17.50%	23.63%	27.58%	32.23%	23.76%	28.51%	34.41%
30	23.52%	17.62%	23.75%	27.70%	32.35%	23.88%	28.63%	34.53%
31	23.64%	17.74%	23.87%	27.82%	32.47%	24.00%	28.75%	34.65%
32	23.76%	17.86%	23.99%	27.94%	32.59%	24.12%	28.87%	34.77%
33	23.88%	17.98%	24.11%	28.06%	32.71%	24.24%	28.99%	34.89%
34	24.00%	18.10%	24.23%	28.18%	32.83%	24.36%	29.11%	35.01%
35	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
36	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
37	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
38	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
39	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
40	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
41	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
42	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
43	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
44	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
45	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
46	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
47	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
48	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
49	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
50	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
51	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
52	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
53	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
54	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
55	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
56	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
57	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
58	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
59+	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Tier 2														
BU	4	12	7 (LAFCO)	14, 21, 22	71 (RTA)	98, 99	all others	3, 14	6	7	15 (Non-Sworn)	15 (Sworn)	10, 16	27, 28
Entry Age	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Safety	Safety	Safety	Safety
18	12.80%	11.41%	14.88%	6.76%	11.79%	13.66%	12.30%	10.45%	16.01%	18.53%	12.63%	13.32%	19.22%	12.88%
19	12.92%	11.53%	15.00%	6.88%	11.91%	13.78%	12.42%	10.80%	16.36%	18.88%	12.98%	13.72%	19.62%	13.28%
20	13.04%	11.65%	15.12%	7.00%	12.03%	13.90%	12.54%	11.15%	16.71%	19.23%	13.33%	14.12%	20.02%	13.68%
21	13.19%	11.80%	15.27%	7.15%	12.18%	14.05%	12.69%	11.50%	17.06%	19.58%	13.68%	14.52%	20.42%	14.08%
22	13.30%	11.91%	15.38%	7.26%	12.29%	14.16%	12.80%	11.85%	17.41%	19.93%	14.03%	14.92%	20.82%	14.48%
23	13.46%	12.07%	15.54%	7.42%	12.45%	14.32%	12.96%	12.20%	17.76%	20.28%	14.38%	15.32%	21.22%	14.88%
24	13.58%	12.19%	15.66%	7.54%	12.57%	14.44%	13.08%	12.55%	18.11%	20.63%	14.73%	15.73%	21.63%	15.29%
25	13.72%	12.33%	15.80%	7.68%	12.71%	14.58%	13.22%	12.90%	18.46%	20.98%	15.08%	16.13%	22.03%	15.69%
26	13.92%	12.53%	16.00%	7.88%	12.91%	14.78%	13.42%	13.25%	18.81%	21.33%	15.43%	16.53%	22.43%	16.09%
27	14.02%	12.63%	16.10%	7.98%	13.01%	14.88%	13.52%	13.60%	19.16%	21.68%	15.78%	16.93%	22.83%	16.49%
28	14.21%	12.82%	16.29%	8.17%	13.20%	15.07%	13.71%	13.95%	19.51%	22.03%	16.13%	17.33%	23.23%	16.89%
29	14.36%	12.97%	16.44%	8.32%	13.35%	15.22%	13.86%	14.30%	19.86%	22.38%	16.48%	17.73%	23.63%	17.29%
30	14.66%	13.27%	16.74%	8.62%	13.65%	15.52%	14.16%	14.65%	20.21%	22.73%	16.83%	18.13%	24.03%	17.69%
31	14.82%	13.43%	16.90%	8.78%	13.81%	15.68%	14.32%	15.00%	20.56%	23.08%	17.18%	18.53%	24.43%	18.09%
32	15.11%	13.72%	17.19%	9.07%	14.10%	15.97%	14.61%	15.35%	20.91%	23.43%	17.53%	18.94%	24.84%	18.50%
33	15.26%	13.87%	17.34%	9.22%	14.25%	16.12%	14.76%	15.70%	21.26%	23.78%	17.88%	19.34%	25.24%	18.90%
34	15.44%	14.05%	17.52%	9.40%	14.43%	16.30%	14.94%	16.05%	21.61%	24.13%	18.23%	19.74%	25.64%	19.30%
35	15.76%	14.37%	17.84%	9.72%	14.75%	16.62%	15.26%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
36	15.91%	14.52%	17.99%	9.87%	14.90%	16.77%	15.41%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
37	16.12%	14.73%	18.20%	10.08%	15.11%	16.98%	15.62%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
38	16.35%	14.96%	18.43%	10.31%	15.34%	17.21%	15.85%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
39	16.56%	15.17%	18.64%	10.52%	15.55%	17.42%	16.06%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
40	16.76%	15.37%	18.84%	10.72%	15.75%	17.62%	16.26%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
41	16.91%	15.52%	18.99%	10.87%	15.90%	17.77%	16.41%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
42	16.94%	15.55%	19.02%	10.90%	15.93%	17.80%	16.44%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
43	17.17%	15.78%	19.25%	11.13%	16.16%	18.03%	16.67%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
44	17.40%	16.01%	19.48%	11.36%	16.39%	18.26%	16.90%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
45	17.49%	16.10%	19.57%	11.45%	16.48%	18.35%	16.99%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
46	17.77%	16.38%	19.85%	11.73%	16.76%	18.63%	17.27%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
47	18.01%	16.62%	20.09%	11.97%	17.00%	18.87%	17.51%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
48	18.11%	16.72%	20.19%	12.07%	17.10%	18.97%	17.61%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
49	18.39%	17.00%	20.47%	12.35%	17.38%	19.25%	17.89%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
50	18.43%	17.04%	20.51%	12.39%	17.42%	19.29%	17.93%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
51	18.64%	17.25%	20.72%	12.60%	17.63%	19.50%	18.14%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
52	18.70%	17.31%	20.78%	12.66%	17.69%	19.56%	18.20%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
53	18.90%	17.51%	20.98%	12.86%	17.89%	19.76%	18.40%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
54	19.09%	17.70%	21.17%	13.05%	18.08%	19.95%	18.59%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
55	19.39%	18.00%	21.47%	13.35%	18.38%	20.25%	18.89%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
56	19.45%	18.06%	21.53%	13.41%	18.44%	20.31%	18.95%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
57	19.47%	18.08%	21.55%	13.43%	18.46%	20.33%	18.97%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
58	19.49%	18.10%	21.57%	13.45%	18.48%	20.35%	18.99%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
59	19.51%	18.12%	21.59%	13.47%	18.50%	20.37%	19.01%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
60	19.53%	18.14%	21.61%	13.49%	18.52%	20.39%	19.03%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
61	19.55%	18.16%	21.63%	13.51%	18.54%	20.41%	19.05%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
62+	19.57%	18.18%	21.65%	13.53%	18.56%	20.43%	19.07%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates
Tier 3

BU Entry Age	7,8,9,10,11,17 Miscellaneous	1,2,5,13 Miscellaneous	4 Miscellaneous	17c,18,20 Miscellaneous	19,24,26,27,28 Miscellaneous	12 Miscellaneous	14,21,22 Miscellaneous	25 Miscellaneous	71 (RTA) Miscellaneous	72 (RTA) Miscellaneous	98,99 Miscellaneous	7 (LAFCO) Miscellaneous	3,14 Safety	6 Safety	7,10,16 Safety	15 (Non-Sworn and Sworn) Safety	27,28 Safety	8, 9 Probation	31,32 Probation
18	9.22%	10.68%	11.18%	13.16%	13.24%	9.79%	5.14%	12.25%	6.17%	10.17%	11.04%	13.26%	9.25%	14.81%	15.87%	11.43%	10.99%	11.95%	14.19%
19	9.47%	10.93%	11.43%	13.41%	13.49%	10.04%	5.39%	12.50%	6.42%	10.42%	11.29%	13.51%	9.75%	15.31%	16.37%	11.93%	11.49%	12.20%	14.44%
20	9.47%	10.93%	11.43%	13.41%	13.49%	10.04%	5.39%	12.50%	6.42%	10.42%	11.29%	13.51%	10.00%	15.56%	16.62%	12.18%	11.74%	12.45%	14.69%
21	9.72%	11.18%	11.68%	13.66%	13.74%	10.29%	5.64%	12.75%	6.67%	10.67%	11.54%	13.76%	10.25%	15.81%	16.87%	12.43%	11.99%	12.45%	14.69%
22	9.72%	11.18%	11.68%	13.66%	13.74%	10.29%	5.64%	12.75%	6.67%	10.67%	11.54%	13.76%	10.50%	16.06%	17.12%	12.68%	12.24%	12.70%	14.94%
23	9.97%	11.43%	11.93%	13.91%	13.99%	10.54%	5.89%	13.00%	6.92%	10.92%	11.79%	14.01%	11.00%	16.56%	17.62%	13.18%	12.74%	12.95%	15.19%
24	9.97%	11.43%	11.93%	13.91%	13.99%	10.54%	5.89%	13.00%	6.92%	10.92%	11.79%	14.01%	11.25%	16.81%	17.87%	13.43%	12.99%	13.20%	15.44%
25	10.22%	11.68%	12.18%	14.16%	14.24%	10.79%	6.14%	13.25%	7.17%	11.17%	12.04%	14.26%	11.50%	17.06%	18.12%	13.68%	13.24%	13.45%	15.69%
26	10.47%	11.93%	12.43%	14.41%	14.49%	11.04%	6.39%	13.50%	7.42%	11.42%	12.29%	14.51%	12.00%	17.56%	18.62%	14.18%	13.74%	13.70%	15.94%
27	10.47%	11.93%	12.43%	14.41%	14.49%	11.04%	6.39%	13.50%	7.42%	11.42%	12.29%	14.51%	12.25%	17.81%	18.87%	14.43%	13.99%	13.95%	16.19%
28	10.72%	12.18%	12.68%	14.66%	14.74%	11.29%	6.64%	13.75%	7.67%	11.67%	12.54%	14.76%	12.50%	18.06%	19.12%	14.68%	14.24%	14.45%	16.69%
29	10.97%	12.43%	12.93%	14.91%	14.99%	11.54%	6.89%	14.00%	7.92%	11.92%	12.79%	15.01%	13.00%	18.56%	19.62%	15.18%	14.74%	14.70%	16.94%
30	10.97%	12.43%	12.93%	14.91%	14.99%	11.54%	6.89%	14.00%	7.92%	11.92%	12.79%	15.01%	13.25%	18.81%	19.87%	15.43%	14.99%	14.95%	17.19%
31	11.22%	12.68%	13.18%	15.16%	15.24%	11.79%	7.14%	14.25%	8.17%	12.17%	13.04%	15.26%	13.50%	19.06%	20.12%	15.68%	15.24%	15.45%	17.69%
32	11.47%	12.93%	13.43%	15.41%	15.49%	12.04%	7.39%	14.50%	8.42%	12.42%	13.29%	15.51%	14.00%	19.56%	20.62%	16.18%	15.74%	15.70%	17.94%
33	11.72%	13.18%	13.68%	15.66%	15.74%	12.29%	7.64%	14.75%	8.67%	12.67%	13.54%	15.76%	14.25%	19.81%	20.87%	16.43%	15.99%	15.95%	18.19%
34	11.97%	13.43%	13.93%	15.91%	15.99%	12.54%	7.89%	15.00%	8.92%	12.92%	13.79%	16.01%	14.50%	20.06%	21.12%	16.68%	16.24%	16.45%	18.69%
35	11.97%	13.43%	13.93%	15.91%	15.99%	12.54%	7.89%	15.00%	8.92%	12.92%	13.79%	16.01%	15.00%	20.56%	21.62%	17.18%	16.74%	16.70%	18.94%
36	12.22%	13.68%	14.18%	16.16%	16.24%	12.79%	8.14%	15.25%	9.17%	13.17%	14.04%	16.26%	15.00%	20.56%	21.62%	17.18%	16.74%	17.20%	19.44%
37	12.47%	13.93%	14.43%	16.41%	16.49%	13.04%	8.39%	15.50%	9.42%	13.42%	14.29%	16.51%	15.00%	20.56%	21.62%	17.18%	16.74%	17.45%	19.69%
38	12.72%	14.18%	14.68%	16.66%	16.74%	13.29%	8.64%	15.75%	9.67%	13.67%	14.54%	16.76%	15.00%	20.56%	21.62%	17.18%	16.74%	17.70%	19.94%
39	12.97%	14.43%	14.93%	16.91%	16.99%	13.54%	8.89%	16.00%	9.92%	13.92%	14.79%	17.01%	15.00%	20.56%	21.62%	17.18%	16.74%	17.95%	20.19%
40	13.22%	14.68%	15.18%	17.16%	17.24%	13.79%	9.14%	16.25%	10.17%	14.17%	15.04%	17.26%	15.00%	20.56%	21.62%	17.18%	16.74%	18.20%	20.44%
41	13.47%	14.93%	15.43%	17.41%	17.49%	14.04%	9.39%	16.50%	10.42%	14.42%	15.29%	17.51%	15.00%	20.56%	21.62%	17.18%	16.74%	18.45%	20.69%
42	13.47%	14.93%	15.43%	17.41%	17.49%	14.04%	9.39%	16.50%	10.42%	14.42%	15.29%	17.51%	15.00%	20.56%	21.62%	17.18%	16.74%	18.70%	20.94%
43	13.72%	15.18%	15.68%	17.66%	17.74%	14.29%	9.64%	16.75%	10.67%	14.67%	15.54%	17.76%	15.00%	20.56%	21.62%	17.18%	16.74%	18.95%	21.19%
44	13.97%	15.43%	15.93%	17.91%	17.99%	14.54%	9.89%	17.00%	10.92%	14.92%	15.79%	18.01%	15.00%	20.56%	21.62%	17.18%	16.74%	19.20%	21.44%
45	14.22%	15.68%	16.18%	18.16%	18.24%	14.79%	10.14%	17.25%	11.17%	15.17%	16.04%	18.26%	15.00%	20.56%	21.62%	17.18%	16.74%	19.45%	21.69%
46	14.47%	15.93%	16.43%	18.41%	18.49%	15.04%	10.39%	17.50%	11.42%	15.42%	16.29%	18.51%	15.00%	20.56%	21.62%	17.18%	16.74%	19.70%	21.94%
47	14.72%	16.18%	16.68%	18.66%	18.74%	15.29%	10.64%	17.75%	11.67%	15.67%	16.54%	18.76%	15.00%	20.56%	21.62%	17.18%	16.74%	19.95%	22.19%
48	14.97%	16.43%	16.93%	18.91%	18.99%	15.54%	10.89%	18.00%	11.92%	15.92%	16.79%	19.01%	15.00%	20.56%	21.62%	17.18%	16.74%	20.20%	22.44%
49	15.22%	16.68%	17.18%	19.16%	19.24%	15.79%	11.14%	18.25%	12.17%	16.17%	17.04%	19.26%	15.00%	20.56%	21.62%	17.18%	16.74%	20.20%	22.44%
50	15.47%	16.93%	17.43%	19.41%	19.49%	16.04%	11.39%	18.50%	12.42%	16.42%	17.29%	19.51%	15.00%	20.56%	21.62%	17.18%	16.74%	20.45%	22.69%
51	15.72%	17.18%	17.68%	19.66%	19.74%	16.29%	11.64%	18.75%	12.67%	16.67%	17.54%	19.76%	15.00%	20.56%	21.62%	17.18%	16.74%	20.70%	22.94%
52	15.97%	17.43%	17.93%	19.91%	19.99%	16.54%	11.89%	19.00%	12.92%	16.92%	17.79%	20.01%	15.00%	20.56%	21.62%	17.18%	16.74%	20.70%	22.94%
53	16.22%	17.68%	18.18%	20.16%	20.24%	16.79%	12.14%	19.25%	13.17%	17.17%	18.04%	20.26%	15.00%	20.56%	21.62%	17.18%	16.74%	20.95%	23.19%
54	16.47%	17.93%	18.43%	20.41%	20.49%	17.04%	12.39%	19.50%	13.42%	17.42%	18.29%	20.51%	15.00%	20.56%	21.62%	17.18%	16.74%	20.95%	23.19%
55	16.72%	18.18%	18.68%	20.66%	20.74%	17.29%	12.64%	19.75%	13.67%	17.67%	18.54%	20.76%	15.00%	20.56%	21.62%	17.18%	16.74%	21.20%	23.44%
56	16.97%	18.43%	18.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.45%	23.69%
57	16.97%	18.43%	18.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.45%	23.69%
58	16.97%	18.43%	18.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.70%	23.94%
59+	16.97%	18.43%	18.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.95%	24.19%

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. There were no changes to the contribution allocation procedures from the prior valuation.

1. **Actuarial Cost Method**

   The actuarial valuation is prepared using the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on original entry into the Plan. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

2. **Asset Valuation Method**

   The Actuarial Value of Assets is based on the fair value of assets with a five-year phase-in of the actual investment returns in excess of (or less than) expected investment income, net of investment expenses. Expected investment income is determined using assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year).

3. **Amortization Method**

   The UAL (or Surplus Funding) is amortized as a percentage of the projected SLOCPT salaries. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (17 years remaining as of January 1, 2023). Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll.

4. **Contributions**

   The employers contribute to the retirement fund a percentage of the total compensation provided for all members based on an actuarial experience study, actuarial valuation, recommendation of the actuary, and bargaining agreements for the allocation between employer and employee contributions.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The return and administrative expense assumptions were adopted by the Board at their May 24, 2021 meeting, based on information presented by Cheiron and the Plan's investment consultant (Verus) updated capital market assumptions. The other assumptions used in this report reflect the results of an Experience Study performed by Cheiron, covering the period from January 1, 2017 through December 31, 2021, and adopted by the Board at their May 23, 2022 meeting for the January 1, 2022 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated June 2, 2022.

1. **Rate of Return**

   Assets are assumed to earn 6.75% net of investment expenses.

2. **Administrative Expenses**

   Administrative expenses are assumed to be $2,440,000 for the next year. Administrative expenses are assumed to increase by the assumed wage inflation of 3.00% each year.

3. **Cost-of-Living Increases**

   The cost-of-living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 2.50% per year. The price inflation assumption is used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

4. **COLA Growth**

   The COLA growth assumption for Tier 1 members is assumed inflation plus an additional 0.25% "California" adjustment. For Tier 2 and Tier 3 members the COLA growth assumption is 2.0%.

5. **Internal Revenue Code Section 415 Limit**

   The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

6. **Internal Revenue Code Section 401(a)(17)**

   The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is reflected in the valuation for funding purposes. Any limitation is also reflected in a member's benefit after retirement.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

7. Interest on Member Contributions

The annual credited interest rate on member contributions is assumed to be 5.75%. The actual crediting rate was changed to 5.75% at the November 2021 Board meeting, with Additional Contributions credited at 0.98%.

8. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below. Male members are assumed to be four years older than their spouses and female members are assumed to be two years younger than their spouses.

Percentage Married	
Gender	**Percentage**
Males	70%
Females	55%

9. Payroll Growth

Price inflation component: 2.50%
Productivity increase component: 0.50%
Total Payroll Growth: 3.00%

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

10. Increases in Pay

Price inflation component: 2.50%
Productivity increase component: 0.50%
Additional Merit component based on service:

Miscellaneous Merit Increases	
Service	Rate
0	5.25%
1	5.00%
2	4.00%
3	3.00%
4	2.00%
5	1.00%
6	0.50%
7	0.50%
8	0.50%
9	0.50%
10	0.20%
11	0.20%
12	0.20%
13	0.20%
14	0.20%
15	0.20%
16	0.20%
17	0.20%
18	0.20%
19	0.20%
20	0.20%
21+	0.00%

Safety Merit Increases	
Service	Rate
0	5.25%
1	4.50%
2	4.00%
3	3.00%
4	2.00%
5	1.00%
6	0.75%
7	0.75%
8	0.75%
9	0.75%
10	0.40%
11	0.40%
12	0.40%
13	0.40%
14	0.40%
15	0.40%
16	0.40%
17	0.40%
18	0.40%
19	0.40%
20	0.25%
21	0.25%
22	0.25%
23	0.25%
24	0.25%
25+	0.00%

Increases are compound rather than additive.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

11. Rates of Termination

Sample rates of termination are shown in the following table below.

	Rates of Vested Termination	
Service	Miscellaneous	Safety/Probation
0	0.00%	0.00%
1	0.00%	0.00%
2	0.00%	0.00%
3	0.00%	0.00%
4	0.00%	0.00%
5	5.50%	2.75%
6	5.00%	2.50%
7	4.50%	2.25%
8	4.25%	2.25%
9	4.00%	2.25%
10	3.75%	2.00%
11	3.50%	2.00%
12	3.25%	1.50%
13	3.00%	1.50%
14	3.00%	1.50%
15	3.00%	1.50%
16	2.75%	1.50%
17	2.75%	1.25%
18	2.50%	1.25%
19	2.50%	1.25%
20	2.00%	1.25%
21	1.50%	1.25%
22	1.50%	1.25%
23	1.50%	1.25%
24	1.50%	1.25%
25	1.50%	1.00%
26	1.50%	1.00%
27	1.50%	1.00%
28	1.50%	1.00%
29	1.50%	1.00%
30	1.50%	0.00%
31	1.50%	0.00%
32	1.50%	0.00%
33	1.50%	0.00%
34	1.50%	0.00%
35+	0.00%	0.00%

**Termination rates do not apply once member is eligible for retirement*

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

12. Rates of Withdrawal

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

Rates of Withdrawal		
Service	General	Safety
0	20.00%	10.00%
1	15.00%	8.00%
2	12.00%	6.00%
3	10.00%	5.00%
4	6.00%	4.00%
5	2.00%	3.00%
6	1.75%	2.00%
7	1.75%	1.00%
8	1.50%	1.00%
9	1.00%	1.00%
10	1.00%	1.00%
11	1.00%	1.00%
12	0.50%	1.00%
13	0.50%	1.00%
14	0.50%	1.00%
15	0.50%	1.00%
16	0.50%	0.00%
17	0.50%	0.00%
18	0.50%	0.00%
19	0.50%	0.00%
20	0.50%	0.00%
21	0.50%	0.00%
22	0.50%	0.00%
23	0.50%	0.00%
24	0.50%	0.00%
25	0.00%	0.00%
26	0.00%	0.00%
27	0.00%	0.00%
28	0.00%	0.00%
29	0.00%	0.00%
30+	0.00%	0.00%

13. Reciprocal Transfers

30% of vested terminated Members that leave their member contributions on deposit with the Plan are assumed to be reciprocal.

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of 3.00%.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

14. Rates of Disability

Representative disability rates of active participants are shown below.

Rates of Disability		
Age	Miscellaneous	Safety and Probation
25 or less	0.010%	0.030%
26	0.010%	0.050%
27	0.010%	0.070%
28	0.010%	0.090%
29	0.010%	0.110%
30	0.010%	0.130%
31	0.015%	0.150%
32	0.020%	0.170%
33	0.025%	0.190%
34	0.030%	0.210%
35	0.035%	0.230%
36	0.040%	0.250%
37	0.045%	0.270%
38	0.050%	0.290%
39	0.055%	0.310%
40	0.060%	0.330%
41	0.065%	0.350%
42	0.070%	0.370%
43	0.075%	0.390%
44	0.080%	0.410%
45	0.085%	0.430%
46	0.090%	0.450%
47	0.095%	0.470%
48	0.100%	0.490%
49	0.105%	0.510%
50	0.110%	0.530%
51	0.115%	0.550%
52	0.120%	0.570%
53	0.125%	0.590%
54	0.130%	0.610%
55	0.135%	0.630%
56	0.140%	0.650%
57	0.145%	0.670%
58	0.150%	0.690%
59	0.155%	0.710%
60	0.160%	0.730%
61	0.165%	0.750%
62	0.170%	0.770%
63	0.175%	0.790%
64	0.180%	0.810%
65 or more	0.000%	0.000%

All disabilities for Safety members are assumed to be service-related and no disabilities for Miscellaneous and Probation members are assumed to be service-related.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

15. Rates of Mortality for Healthy Lives

Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for Safety and Probation active members are based on the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for healthy Miscellaneous annuitants and all beneficiaries are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for healthy Safety and Probation annuitants are based the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2021.

16. Rates of Mortality for Disabled Lives

Mortality rates for Miscellaneous disabled members are based on the sex distinct Public General 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for Safety and Probation disabled members are based on the sex distinct Public Safety 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

17. Rates of Retirement

Rates of retirement are based on age, group, and tier according to the following tables.

Rates of Retirement for YOS Less Than 25						
	Tier 1			Tiers 2 and 3		
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
51	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
52	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
53	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
54	5.00%	15.00%	25.00%	3.00%	5.00%	7.50%
55	5.00%	25.00%	40.00%	3.00%	5.00%	7.50%
56	5.00%	25.00%	30.00%	3.00%	5.00%	7.50%
57	5.00%	20.00%	20.00%	3.00%	10.00%	7.50%
58	5.00%	7.50%	12.00%	3.00%	7.50%	8.25%
59	5.00%	7.50%	18.00%	3.00%	7.50%	11.25%
60	10.00%	10.00%	25.00%	8.00%	7.50%	15.00%
61	15.00%	10.00%	30.00%	8.00%	7.50%	18.75%
62	20.00%	15.00%	40.00%	15.00%	15.00%	22.50%
63	20.00%	15.00%	50.00%	15.00%	15.00%	30.00%
64	30.00%	15.00%	75.00%	20.00%	15.00%	45.00%
65	35.00%	100.00%	100.00%	20.00%	100.00%	100.00%
66	35.00%			20.00%		
67	35.00%			20.00%		
68	35.00%			20.00%		
69	35.00%			20.00%		
70+	100.00%			100.00%		

Rates of Retirement for YOS 25 or More						
	Tier 1			Tiers 2 and 3		
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
51	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
52	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
53	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
54	7.00%	15.00%	30.00%	5.50%	10.00%	12.00%
55	7.00%	35.00%	40.00%	5.50%	10.00%	12.00%
56	7.00%	25.00%	40.00%	6.00%	10.00%	12.00%
57	15.00%	25.00%	30.00%	10.00%	15.00%	12.00%
58	15.00%	12.00%	20.00%	10.00%	10.00%	10.00%
59	15.00%	12.00%	20.00%	10.00%	10.00%	12.50%
60	20.00%	15.00%	30.00%	15.00%	10.00%	18.00%
61	25.00%	15.00%	35.00%	15.00%	10.00%	20.00%
62	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
63	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
64	40.00%	20.00%	75.00%	25.00%	20.00%	45.00%
65	40.00%	100.00%	100.00%	25.00%	100.00%	100.00%
66	40.00%			25.00%		
67	40.00%			25.00%		
68	40.00%			25.00%		
69	40.00%			25.00%		
70+	100.00%			100.00%		

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Tier 1 Reserve Members are assumed to retire at the later of age 55 or attained age. All other Reciprocal and Reserve members are assumed to retire at the later of age 60 or attained age.

18. DROP Assumptions

Members who enter DROP are valued as retired members. There is no assumed DROP account balance or assumed interest crediting rate since their benefits are held by a third party and are not part of the Pension Trust's assets.

19. Changes Since Last Valuation

None.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

All actuarial calculations are based on our understanding of the statutes governing the SLOCPT as pursuant to Government Code Section 53219 and San Luis Obispo County Code Chapter 2.56 with provisions adopted by the County Board of Supervisors, or the SLOCPT Board of Trustees, effective through December 31, 2022. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

There have been no changes to the Plan provisions since the prior valuation.

A. Membership in Retirement Plans

All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the SLOCPT.

B. Tiers

Tier 1: Includes new members hired before January 1, 2011.

Tier 2: Includes new members hired on or after January 1, 2011 and before January 1, 2013. Tier 2 only applies to members hired after the date each particular bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members.

Tier 3: Includes all new members hired on or after January 1, 2013.

C. Member Contributions

Each Member of the Pension Trust will contribute, by means of payroll deduction, an amount of money equal to the Member's normal rate of contribution times the Member's compensation proportionate to the ratio of actual paid hours, less overtime, to normal hours. Please refer to Appendix B for current Member Contribution rates. Member Contributions will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

D. Final Compensation

Tier 1: Highest one-year average for employees in Tier 1 and "Pick Up" included as compensation for various management employees within Bargaining Units 4, 7, 8, 9, 10, 11, 12, 17, and 99.

Pick up percentages for each applicable bargaining unit shown below:

Bargaining Unit	Pick Up Percentage
4, 7, 8, 9, 11, 12, 99	9.29%
10	13.55%
17	13.59%

Tiers 2 and 3: Highest three-year average compensation.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

E. Service Retirement

Eligibility: Age 50 with five years of service. For Miscellaneous members in Tier 3, Age 52 with five years of service.

Benefit: Retirement Age Factor times Final Compensation times Years of Credited Service, limited to the Maximum Benefit if applicable.

Retirement Age Factors:

Retirement Age Factors

Age	Miscellaneous			Probation		Safety				
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 3	Tier 1[1]	Tier 1[2]	Tier 2[3]	Tier 2[4]	Tier 3
50	1.426%	1.092%	0.000%	2.300%	2.000%	2.300%	3.000%	2.000%	2.300%	2.000%
51	1.541%	1.156%	0.000%	2.440%	2.100%	2.440%	3.000%	2.140%	2.440%	2.100%
52	1.656%	1.224%	1.000%	2.580%	2.200%	2.580%	3.000%	2.280%	2.580%	2.200%
53	1.770%	1.296%	1.100%	2.720%	2.300%	2.720%	3.000%	2.420%	2.720%	2.300%
54	1.885%	1.376%	1.200%	2.860%	2.400%	2.860%	3.000%	2.560%	2.860%	2.400%
55	2.000%	1.460%	1.300%	3.000%	2.500%	3.000%	3.000%	2.700%	3.000%	2.500%
56	2.117%	1.552%	1.400%	3.000%	2.600%	3.000%	3.000%	2.700%	3.000%	2.600%
57	2.233%	1.650%	1.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
58	2.350%	1.758%	1.600%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
59	2.466%	1.874%	1.700%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
60	2.583%	2.000%	1.800%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
61	2.699%	2.134%	1.900%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
62	2.816%	2.272%	2.000%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
63	2.932%	2.418%	2.100%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
64	3.049%	2.458%	2.200%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
65	3.165%	2.500%	2.300%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
66	3.165%	2.500%	2.400%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
67+	3.165%	2.500%	2.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%

[1] *Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15 2 Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28 3 Non-Sworn Safety members*
[2] *Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28*
[3] *Non-Sworn Safety members*
[4] *Safety Bargaining Units 6 & 7 and Sworn Safety members*

Maximum Benefit:

Tier 1: SLOCEA and Miscellaneous Other: 80% of Final Compensation
Safety and Probation: 90% of Final Compensation
Miscellaneous Management: 100% of Final Compensation

Tier 2: 90% of Final Compensation

Tier 3: No maximum benefit applies, but pensionable compensation is capped at $146,042 for 2023 and adjusted annually based on CPI.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

F. Normal Form of Benefit:

Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children).

G. Optional Retirement Allowance:

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

Option 1: Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member.

Option 2: 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.

Option 3: 50% of member's reduced allowance is payable to a beneficiary having an insurable interest in the life of the member.

Option 4: Other % of member's reduced allowance is payable to a beneficiary(ies) having an insurable interest in the life of the member.

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

Benefit: Greater of (1) 1.5% of Final Compensation times Credited Service, (2) 1/3 of Final Compensation if Credited Service is between 10 and 22.222 years, or (3) the earned Service Retirement Allowance (if eligible).

I. Line-of-Duty Disability

Eligibility: Disablement in the Line-of-Duty Safety and Probation Members only. No age or service requirement.

Benefit: Greater of (1) 50% of Final Compensation, or (2) Service Retirement Allowance (if eligible).

J. Death Before Eligible for Retirement (Basic Death Benefit)

Eligibility: No age or service requirement and must have been an Active Member.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Benefit: Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' Compensation.

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

L. Line-of-Duty Death

Eligibility: Death in the Line-of-Duty for Safety and Probation Members only. No age or service requirement.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

M. Post-Retirement Death Benefit

$1,000 payable in lump sum to the beneficiary or the estate of the retiree.

N. Cost-of-Living Increases

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the average annual Consumer Price Index (CPI), to a maximum of 3% per year for Tier 1 members, and 2% per year for Tier 2 and 3 members.

O. Withdrawal Benefits

All members leaving covered employment with less than five years of service are required to take a refund of their employee contributions with interest. Members with five or more years of service may either withdraw their contributions with interest or leave their contributions on deposit. If contributions are not withdrawn, they are entitled to benefits commencing at any time after service retirement eligibility.

P. Deferred Retirement Option Program (DROP)

Eligibility: Tier 1 members (excluding Court employees) that are service retirement eligible may participate in the SLOCPT’s DROP.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Benefit: An amount equal to the annual benefit that would have been paid had the member retired, is deposited into a DROP account. The annual addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of five years of DROP participation or separation from service. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

When a member elects to enter DROP, their monthly payment is directed to and accumulated in an investment account held for that individual by a third party. The member is restricted from accessing these funds until they officially elect to retire from employment. The member must participate for a minimum of six months and is required to retire by the end of five years.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Summary of Benefits by Collective Bargaining Unit
Tier 1

Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
14	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
21	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
22	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
4	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
7	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
8	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
9	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
10	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
11	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
12	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
99	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17C	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
18	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
20	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
24	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
25	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
26	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
27	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
28	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
1	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
2	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
5	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
13	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
98	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
19	SLOCEA Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
8	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
9	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
31	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
32	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
3	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
27	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
6	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
7	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
10	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
14	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
28	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
15	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
15	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
16	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Summary of Benefits by Collective Bargaining Unit Tiers 2 and 3				
Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
Tier 2	Miscellaneous Non-Court	2% of Final Average Compensation (FAC) at age 60	3 year	90%
Tier 2	Non Sworn Safety	2.7% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	Sworn Safety	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	DAIA	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 3	Miscellaneous	2% of Final Average Compensation (FAC) at age 62	3 year	N/A
Tier 3	Safety	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A
Tier 3	Probation	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A

APPENDIX E – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

APPENDIX E – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution, which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Markel Value of Assets to the Actuarial Liability.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Market Value of Assets.

CHEIRON

Classic Values, Innovative Advice

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Via Electronic Mail

June 15, 2023

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Re: Contribution Rate Increases for Alternative Implementation Dates - July 1, 2023, January 1, 2024 or July 1, 2024

Dear Members of the Board,

The purpose of this letter is to provide the contribution rate increases based on the results of the January 1, 2023 actuarial valuation for three alternative implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2023 actuarial valuation increased to 52.81% from 52.48% as of the January 1, 2022 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2022 was 49.74% plus a 2.59% contribution rate increase effective as of July 1, 2023, results in a Total Charged Rate of 52.33%. The recommended contribution rate increase of 0.48% is the difference between the ADC as of January 1, 2023, and the Total Charged Rate. These rates are composed of a blended employer appropriation rate and a weighted average of the employee rates.

The table on the next page shows recommended contribution rate increases for each alternative implementation date based on the results of the January 1, 2023 actuarial valuation for SLOCPT in aggregate and for each class of members: Miscellaneous, Probation, and Safety. To calculate the contribution rate increases for the different implementation dates, the Unfunded Actuarial Liability (attributable only to the December 31, 2022 actuarial losses from the January 1, 2023 valuation) was adjusted with interest at the 6.75% assumed rate of return from the valuation date to the respective implementation dates and then re-amortized based on the remaining period at the respective implementation dates. In addition, the payroll used to calculate the increase in the UAL payment rate was also adjusted based on the implementation date at the assumed payroll growth rate of 3.00%.

Contribution Rate Increases for Alternative Implementation Dates											
	Total Charged Rates			**2023 Valuation**		**Implementation Dates**					
						July 1, 2023		**January 1, 2024**		**July 1, 2024**	
	12/31/2022	**Rate Increases[1]**	**Total Rate**	**Total ADC**	**Rate Change**	**Adjusted ADC**	**Rate Change**	**Adjusted ADC**	**Rate Change**	**Adjusted ADC**	**Rate Change**
Total SLOCPT	49.74%	2.59%	52.33%	52.81%	0.48%	52.89%	0.56%	52.97%	0.64%	53.06%	0.73%
Miscellaneous	46.88%	2.38%	49.26%	49.46%	0.20%	49.53%	0.27%	49.61%	0.35%	49.69%	0.43%
Probation	53.56%	5.08%	58.64%	58.55%	-0.09%	58.63%	-0.01%	58.71%	0.07%	58.80%	0.16%
Safety	66.51%	2.92%	69.43%	72.34%	2.91%	72.45%	3.02%	72.57%	3.14%	72.70%	3.27%

[1] *Rate increases from the January 1, 2022 actuarial valuation with delayed implementation to July 1, 2023.*

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2023 actuarial valuation. This letter is for the use of the SLOCPT Board of Trustees, the plan sponsors, and SLOCPT staff. Any other user of this letter is not an intended user and is considered a third party.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and my firm does not provide any legal services or advice.

Finally, this letter was prepared for SLOCPT for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

Anne Harper

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

cc: Carl Nelson
Amy Burke
Alice Alsberghe
Tim Hall

SLO County Pension Trust
Pension Contribution
Rate Increases

	2017 Valuation	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation	2022 Valuation	2023 Valuation As of 1/1/2023	2023 Valuation at 7/1/24 Implementation
Total Rate Increases								
Miscellaneous	1.65%	1.99%	2.47%	3.41%	1.94%	2.11%	0.20%	**0.43%**
Probation	2.25%	3.70%	2.26%	4.56%	3.11%	4.78%	-0.90%	**0.16%**
Safety	3.54%	5.63%	1.25%	4.40%	3.29%	2.52%	2.91%	**3.27%**
COMBINED	**1.93%**	**2.51%**	**2.30%**	**3.60%**	**2.16%**	2.31%	0.48%	**0.73%**
Total ADC	40.32%	42.19%	44.52%	47.92%	50.34%	**52.48%**	**52.81%**	
Significant Changes:								
Discount Rate	**7.125%**	**7.000%**	**7.000%**	**6.875%**	**6.750%**	**6.750%**	**6.750%**	
Discount Rate net of -								
Investment Expense	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	
Admin. Expense	*Y*	*Y*	*Y*	*Y*	***N***	***N***	***N***	
Inflation	2.650%	2.500%	2.500%	2.250%	2.250%	**2.500%**	**2.500%**	
Payroll Growth Rate	3.375%	3.000%	2.750%	2.750%	2.750%	3.000%	3.000%	
Mortality		Updated (2nd part of 2 step phased)		Updated		Update to Safety tables		

As of Valuation date of Jan. 1 of the Valuation year
Actual increase modified for delayed implementaton (e.g. Jan. 1st or July 1st of following year)

Total penson contribution rate increase result of:
- Increases in the Actuarially Determined Contribution Rate (ADC)
- Increases to adjust for difference between planned ADC to be collected and the actual charged rate during the prior year.

Increases allocated between Employer and Employee and across Tiers pursuant to MOU provisions for each BU.

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Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County Pension Trust

SLOCPT

Date: June 26, 2023

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 11: Employer Contributions FY23-24 Prefunding Amount

Recommendation:

Staff recommends that the Board of Trustees approve the amount calculated for FY23-24 by SLOCPT's actuary, Cheiron, for the prefunding of Employer Contributions and Employer for Employee Contributions (EPMC or "pick up") for the County and APCD.

Discussion:

The agreement between the County Board of Supervisors and SLOCPT to facilitate annual prefunding of the County's and APCD's Employer Contributions and Employer for Employee Contributions (EPMC) was approved in 2014. At the March 27, 2023, regular meeting, SLOCPT's Board of Trustees approved the discount rate to be used to calculate the prefunding amount to be set at the Plan's current Real Rate of Return Assumption. For FY23-24 a discount rate of **4.25%** was used to calculate prefunding payment.

In addition, SLOCPT and the County's Auditor Office will calculate a "true-up" of contributions at the end of the fiscal year comparing actual results to those estimated in the prior year's prefunding calculation. If the true-up amount is negative (overpayment) then that amount is credited towards the subsequent year's contributions. If the true-up amount is positive (underpayment) then the County is obligated to pay SLOCPT the difference.

Estimated contributions are based on the results of the 2023 Actuarial Valuation with the assumption that the recommended rate increase will be implemented July 1, 2024 for SLO County and January1, 2024 for APCD. The following tables summarize the proposed prefunding of FY23-24 Employer Contributions and the pick-up contributions:

	Estimated FY23-24 Contributions Undiscounted	Estimated FY23-24 Contributions Discounted
County ER Contributions	$81,390,300	$79,775,400
County ER paid EE Contrib.	7,843,100	7,692,700
APCD ER Contributions	758,800	743,700
APCD ER Paid EE Contrib.	113,500	111,400
	-----------------	-----------------
TOTAL	$90,108,700	$88,323,200

Aggregate Employer Savings = $1,785,500

Attached is a letter from Cheiron that includes the tables used to calculate the prefunding amounts.

SLO County's Decision to Prefund:

The agreement to accept prefunded employer contributions and the calculation of the prefunded amounts is based on the assumption that the Plan Sponsor will opt to prefund. However, this is up to SLO County on a year-to-year basis.

It is possible for FY23-24 that SLO County may choose to not prefund employer pension contributions given the increased interest rate environment. The County's motivation to prefund employer pension contributions is primarily driven by the spread between interest earnings on County reserves and the discount rate deemed appropriate by the Board of Trustees. Unlike prior years, 2023 has seen the spread between those rates narrow significantly.

If SLO County chooses to not prefund its contributions for FY23-24, the exercise of calculating the amount of the prepayment may become moot. However, that will not be known until the start of July, so the calculation is still appropriate to make.

Respectfully Submitted,

Via Electronic Mail

June 19, 2023

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Re: Prefunding of Employer Paid Contributions for Fiscal Year Ending June 30, 2024

Dear Members of the Board,

The purpose of this letter is to provide the discounted prepayment amount of contributions paid by the County and the APCD for the fiscal year ending June 30, 2024, assuming a single sum contribution is made on July 14, 2023.

Background

Historically, the County made contributions to the Pension Trust on a bi-weekly basis, consistent with active payroll, and based on the actuarially determined contribution (ADC) rate in the annual actuarial valuation. The ADC rate for the fiscal year ending June 30, 2024 is based on the results of the January 1, 2023 actuarial valuation. Given that the valuation is competed after the effective date of any recommended rate increase, the County must determine the date at which the rate increases will be effective for both the employer and employees. Details of the rate increases by implementation date are illustrated in a letter under separate cover.

The agreement between the County Board of Supervisors and SLOCPT to facilitate prefunding of the County's employer contributions and the employer paid portion of the employee contributions, or "pick-up", was approved in 2014. At the March 28, 2022 regular meeting, SLOCPT's Board of Trustees approved to use a discount rate equal to the assumed real rate of return in the January 1, 2022 actuarial valuation for calculating the prefunding of contribution amounts. At the May 23, 2022 SLOCPT meeting, the Board adopted an assumed real rate of return of 4.25% for the January 1, 2022 actuarial valuation. The same assumptions were used for the January 1, 2023 actuarial valuation.

The contribution rate is determined such that the regular contributions, along with the member contributions and the future investment earnings on all assets, will be sufficient to fully fund the retirement benefits for all members upon their retirement. The Plan allows the County to pay contributions up to one year in advance (Section 16.05(c) of the Plan). By accelerating payments through the lump-sum payment to be made on July 1, 2023, the County can achieve short-term contribution savings for FYE June 30, 2024.

Calculations

The County appropriation rate for the fiscal year is based on the 32.92% County charged rate as of January 1, 2023 plus 2.66% of the total 2.59% increase effective July 1, 2023. There was a 2.56% employer rate increase based on a salary-weighted average increase by class, tier and the specific employer allocation for each bargaining unit. In addition, there was a negotiated contribution reallocation of 1.50% of pay effective December 25, 2022 from employees to employers for Miscellaneous members in BU #14, 21 and 22, and Safety members in BU #3 and 14. This reallocation is the reason that the employer rate increase is higher than the total rate increase. This results in a total employer rate of 35.58% for the fiscal year beginning July 1, 2023.

Furthermore, the County appropriation rates assume that any rate increases from the January 1, 2023 actuarial valuation will not go into effect prior to June 30, 2024.

The APCD appropriation rate for the fiscal year is based on the 27.47% APCD charged rate as of January 1, 2023 plus the 2.29% increase effective January 1, 2023. In addition, there was a negotiated contribution reallocation of 1.00% for Tiers 1 and 2 and 2.00% for Tier 3, effective December 25, 2022 from employees to employers. The salary-weighted average of these increases by Tier was 3.69%. Finally, APCD's appropriation rate as of July 1, 2023 is 31.16%.

Since APCD has historically implemented their contribution rate increases on January 1, we have assumed that they will implement their contribution rate increase from the January 1, 2023 valuation on January 1, 2024. We have also assumed that employee rates will not increase. As a result, the APCD appropriation rate is expected to increase by 0.35% to 31.51% for pay period fourteen. If APCD does not implement the January 1, 2023 valuation rate increase on January 1, 2024 or a portion of the rate increase is allocated to the employee rates, the prefunded employer contribution amount must be recalculated.

A summary of prefunding employer paid contributions for the County is illustrated in the table below:

County Paid Contribution Basis	Amount
Estimated bi-weekly contributions for July 1, 2023 through June 30, 2024	$90,108,700
Prefunding of contributions with one prepayment made on July 14, 2023	88,323,200
Contribution savings due to prefunding	$1,785,500

This prefunding calculation has been done using the Board prescribed discount rate equal to the real rate of return of 4.25%. If the County and APCD prefund their contributions at the beginning of the fiscal year on July 14, 2023, the contribution amount is $88,323,200 compared to the bi-weekly contributions totaling $90,108,700, a savings of $1,785,500. If the Trust earns 4.25% for the FYE 2023, the total assets in the Trust will be the same at the end of the year for either payment method. Any variance in the actual earnings on the contributions will be recognized as actuarial gains or losses in the subsequent actuarial valuations.

The exhibits on the following pages have been prepared based on implementing the recommended rate increase from the January 1, 2022 valuation on July 1, 2023 for the County and on January 1, 2023 for the Air Pollution Control District (APCD). They detail the calculations for the estimated savings based on pre-funding the employer contributions and employer paid portion of the employee contributions, or "pick-ups", individually for both the County and the APCD.

The purpose of this letter is to detail the prefunding of employer paid contributions (County and APCD) for the fiscal year ending June 30, 2024. This letter is for the use of the Board of Trustees, the plan sponsors, and SLOCPT staff. Any other user of this letter is not an intended user and is considered a third party.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and my firm does not provide any legal services or advice.

Finally, this letter was prepared for SLOCPT for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

Attachments

cc: Carl Nelson
Amy Burke
Alice Alsberghe
Tim Hall

San Luis Obispo County Pension Trust

Prepayment of County Contributions

Discount Rate = 4.25%

Fiscal Year 2023-2024 beginning July 14, 2023 Biweekly Payroll	Estimated County Biweekly Payroll[1]	County Appropriation Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/14/2023 Factor	Biweekly Contribution Discounted
1	$8,674,100	35.58%	$3,086,100	1.0000	$3,086,100
2	8,684,000	35.58%	3,089,600	0.9984	3,084,700
3	8,693,900	35.58%	3,093,100	0.9968	3,083,200
4	8,703,800	35.58%	3,096,700	0.9952	3,081,900
5	8,713,700	35.58%	3,100,200	0.9936	3,080,400
6	8,723,600	35.58%	3,103,700	0.9920	3,079,000
7	8,733,500	35.58%	3,107,200	0.9904	3,077,500
8	8,743,400	35.58%	3,110,800	0.9889	3,076,100
9	8,753,300	35.58%	3,114,300	0.9873	3,074,700
10	8,763,300	35.58%	3,117,800	0.9857	3,073,200
11	8,773,300	35.58%	3,121,400	0.9841	3,071,800
12	8,783,300	35.58%	3,125,000	0.9825	3,070,500
13	8,793,300	35.58%	3,128,500	0.9810	3,069,000
14	8,803,300	35.58%	3,132,100	0.9794	3,067,600
15	8,813,300	35.58%	3,135,600	0.9778	3,066,100
16	8,823,300	35.58%	3,139,200	0.9763	3,064,700
17	8,833,300	35.58%	3,142,700	0.9747	3,063,200
18	8,843,300	35.58%	3,146,300	0.9732	3,061,800
19	8,853,400	35.58%	3,149,900	0.9716	3,060,400
20	8,863,500	35.58%	3,153,500	0.9700	3,059,000
21	8,873,600	35.58%	3,157,100	0.9685	3,057,600
22	8,883,700	35.58%	3,160,700	0.9669	3,056,200
23	8,893,800	35.58%	3,164,300	0.9654	3,054,800
24	8,903,900	35.58%	3,167,900	0.9639	3,053,400
25	8,914,000	35.58%	3,171,500	0.9623	3,052,000
26	8,924,100	35.58%	3,175,100	0.9608	3,050,500
Totals	**$228,763,000**		**$81,390,300**		**$79,775,400**
		Savings due to Prepayment for FY 2023-2024			**$1,614,900**

[1] Payroll and all contribution calculations are based on the County only and do not include amounts for the Courts, APCD, LAFCO, the Pension Trust staff and RTA. The County includes Miscellaneous, Probabtion & Safety employers. The calculation of the annual required contribution assumes the payroll grows at annual rate of 3.00% per year.

[2] County appropriation rate for the first half of the year is based on the 32.92% County charged rate as of January 1, 2023 plus 2.66% of the total rate increase of 2.59% effective July 1, 2023. There was a negotiated contribution reallocation of 1.50% of pay effective December 25, 2022 from employees to employers for Miscellaneous members in BU #14, 21 and 22, and Safety members in BU #3 and 14. This reallocation is the reason that the employer rate increase is higher than the total rate increase.

San Luis Obispo County Pension Trust

Prepayment of County Employer Paid Portion of Employee Normal Cost ("Pick-up") Contributions

Discount Rate = 4.25%

Fiscal Year 2023-2024 beginning July 14, 2023 Biweekly Payroll	Estimated County (Tier 1 and Tier 2) Biweekly Payroll[1]	County Paid Employee Normal Cost Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/14/2023 Factor	Biweekly Contribution Discounted
1	$3,640,600		$309,500	1.0000	$309,500
2	3,633,300		308,800	0.9984	308,300
3	3,626,000		308,200	0.9968	307,200
4	3,618,700		307,600	0.9952	306,100
5	3,611,400		307,000	0.9936	305,000
6	3,604,100		306,300	0.9920	303,900
7	3,596,800		305,700	0.9904	302,800
8	3,589,600		305,100	0.9889	301,700
9	3,582,400		304,500	0.9873	300,600
10	3,575,200		303,900	0.9857	299,600
11	3,568,000		303,300	0.9841	298,500
12	3,560,800		302,700	0.9825	297,400
13	3,553,600		302,100	0.9810	296,400
14	3,546,400		301,400	0.9794	295,200
15	3,539,300		300,800	0.9778	294,100
16	3,532,200		300,200	0.9763	293,100
17	3,525,100		299,600	0.9747	292,000
18	3,518,000		299,000	0.9732	291,000
19	3,510,900		298,400	0.9716	289,900
20	3,503,800		297,800	0.9700	288,900
21	3,496,700		297,200	0.9685	287,800
22	3,489,700		296,600	0.9669	286,800
23	3,482,700		296,000	0.9654	285,800
24	3,475,700		295,400	0.9639	284,700
25	3,468,700		294,800	0.9623	283,700
26	3,461,700		294,200	0.9608	282,700
Totals	**$92,311,400**		**$7,846,100**		**$7,692,700**
		Savings due to Prepayment for FY 2023-2024			**$153,400**

[1] Payroll and all contribution calculations are based on the County only and do not include amounts for the Courts, APCD, LAFCO, the Pension Trust staff and RTA. The County includes Miscellaneous, Probabtion & Safety employers.
The calculation of the annual required contribution assumes the payroll grows at annual rate of 3.00% per year.

[2] County paid portion of the employee normal cost ("pick-up") contributions varies by bargaining unit ranging from 4.20% to 13.59%. County pick-up contributions only apply to Tier 1 and Tier 2 members.

San Luis Obispo County Pension Trust
Air Pollution Control Distrct

Prepayment of APCD Employer Contributions

Discount Rate = 4.25%

Fiscal Year 2023-2024 beginning July 14, 2023 Biweekly Payroll	Estimated APCD Biweekly Payroll[1]	APCD Appropriation Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/14/2023 Factor	Biweekly Contribution Discounted
1	$91,900	31.16%	$28,600	1.0000	$28,600
2	92,000	31.16%	28,700	0.9984	28,700
3	92,100	31.16%	28,700	0.9968	28,600
4	92,200	31.16%	28,700	0.9952	28,600
5	92,300	31.16%	28,800	0.9936	28,600
6	92,400	31.16%	28,800	0.9920	28,600
7	92,500	31.16%	28,800	0.9904	28,500
8	92,600	31.16%	28,800	0.9889	28,500
9	92,700	31.16%	28,900	0.9873	28,500
10	92,800	31.16%	28,900	0.9857	28,500
11	92,900	31.16%	28,900	0.9841	28,400
12	93,000	31.16%	29,000	0.9825	28,500
13	93,100	31.16%	29,000	0.9810	28,400
14	93,200	31.51%	29,400	0.9794	28,800
15	93,300	31.51%	29,400	0.9778	28,700
16	93,400	31.51%	29,400	0.9763	28,700
17	93,500	31.51%	29,500	0.9747	28,800
18	93,600	31.51%	29,500	0.9732	28,700
19	93,700	31.51%	29,500	0.9716	28,700
20	93,800	31.51%	29,600	0.9700	28,700
21	93,900	31.51%	29,600	0.9685	28,700
22	94,000	31.51%	29,600	0.9669	28,600
23	94,100	31.51%	29,600	0.9654	28,600
24	94,200	31.51%	29,700	0.9639	28,600
25	94,300	31.51%	29,700	0.9623	28,600
26	94,400	31.51%	29,700	0.9608	28,500
Totals	**$2,421,900**		**$758,800**		**$743,700**
		Savings due to Prepayment for FY 2023-2024			**$15,100**

[1] Payroll and all contribution calculations are based on the APCD only and do not include amounts for the Courts, County, LAFCO, the Pension Trust staff and RTA. The APCD includes only employs Miscellaneous employees.
The calculation of the annual required contribution assumes the payroll grows at annual rate of 3.00% per year.

[2] APCD appropriation rate for the first half of the year is based on the 27.47% APCD charged rate as of January 1, 2023 plus the 2.29% increase effective January 1, 2023; plus a 1.00% increase for Tiers 1 and 2 and a 2.00% increase for Tier 3 effective December 25, 2022, which were reallocations between employers and employees.

Based on the January 1, 2023 valuation, the appropriation rate is expected to increase by 0.35%, effective January 1, 2024.

San Luis Obispo County Pension Trust
Air Pollution Control Distrct

Prepayment of APCD Employer Paid Portion of Employee Normal Cost ("Pick-up") Contributions

Discount Rate = 4.25%

Fiscal Year 2023-2024 beginning July 14, 2023 Biweekly Payroll	Estimated APCD Tiers 1 & 2 Biweekly Payroll[1]	APCD Paid Employee Normal Cost Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/14/2023 Factor	Biweekly Contribution Discounted
1	$55,800		$4,500	1.0000	$4,500
2	55,700		4,500	0.9984	4,500
3	55,600		4,400	0.9968	4,400
4	55,500		4,400	0.9952	4,400
5	55,400		4,400	0.9936	4,400
6	55,300		4,400	0.9920	4,400
7	55,200		4,400	0.9904	4,400
8	55,100		4,400	0.9889	4,400
9	55,000		4,400	0.9873	4,300
10	54,900		4,400	0.9857	4,300
11	54,800		4,400	0.9841	4,300
12	54,700		4,400	0.9825	4,300
13	54,600		4,400	0.9810	4,300
14	54,500		4,400	0.9794	4,300
15	54,400		4,400	0.9778	4,300
16	54,300		4,300	0.9763	4,200
17	54,200		4,300	0.9747	4,200
18	54,100		4,300	0.9732	4,200
19	54,000		4,300	0.9716	4,200
20	53,900		4,300	0.9700	4,200
21	53,800		4,300	0.9685	4,200
22	53,700		4,300	0.9669	4,200
23	53,600		4,300	0.9654	4,200
24	53,500		4,300	0.9639	4,100
25	53,400		4,300	0.9623	4,100
26	53,300		4,300	0.9608	4,100
Totals	**$1,418,300**		**$113,500**		**$111,400**
		Savings due to Prepayment for FY 2023-2024			**$2,100**

[1] Payroll and all contribution calculations are based on the APCD only and do not include amounts for the Courts, County, LAFCO, the Pension Trust staff and RTA. The APCD includes only Miscellaneous employees.
The calculation of the annual required contribution assumes the payroll grows at annual rate of 3.00% per year.

[2] Employer paid portion of the employee normal cost ("pick-up") contributions varies by bargaining unit ranging from 5.75% to 9.29%. APCD pick-up contributions only apply to Tier 1 and Tier 2 members.

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Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: June 26, 2023

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 12: Monthly Investment Report for May 2023

	May	**Year to Date 2023**		2022	2021	2020	2019	2018
Total Trust Investments ($ millions)	$1,615			$1,614 year end	$1,775 year end	$1,552 year end	$1,446 year end	$1,285 year end
Total Fund Return	-0.8% Gross	**2.3%** Gross		-8.0% Gross	15.2% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross
Policy Index Return (r)	-0.7%	3.2%		-9.7%	12.8%	10.0 %	16.4 %	-3.2 %

(r) Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2023 Interim targets:

Public Mkt Equity-	21% Russell 3000, 17% MSCI ACWI ex-US
Public Mkt Debt-	10% Barclays US Aggregate,
Risk Diversifying	4% Barclays US Aggregate,
	5% Barclays 7-10yr Treasury, 4% Barclays 5-10yr US TIPS
Real Estate & Infrastructure-	15% NCREIF Index (inc. Infrastructure)
Private Equity-	10% actual private equity returns
Private Credit-	8% actual private credit returns
Liquidity-	6% 90 day T-Bills

Pending annual updates to interim targets.

SLOCPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOCPT portfolio and general market conditions through the end of May. The attached market commentary from Verus details market conditions in May, but subsequent activity in June is not yet factored into these numbers. As of June 18th, the month has had strong positive returns for equities and small negative returns for bonds.

SLOCPT Investments:

The attached Verus Capital Markets Update details the investment results for the month and Verus' capital market commentary.

Capital Markets:

- **Investment Markets -** May held a retrenchment in returns after a positive April. For May Equity markets were mixed and bonds declined –

US stocks	S&P 500	+0.4%
International stocks	MSCI ACWI ex-US	-3.5%.
Bonds;	Bloomberg US Aggregate bonds	-1.1%

The Economy:

- **Federal Debt Limit** – As expected by the capital markets, a last-minute compromise between Republicans – despite an aggressive far-right group – and Democrats in the House led to a suspension of the Federal debt limit until 2025 in exchange for curbs to future growth rate in some discretionary non-defense expenditures. Senate approval followed and the compromise was signed by President Biden to allow the Treasury to avert its predicted June 5th date where it would have had to default on some payments.

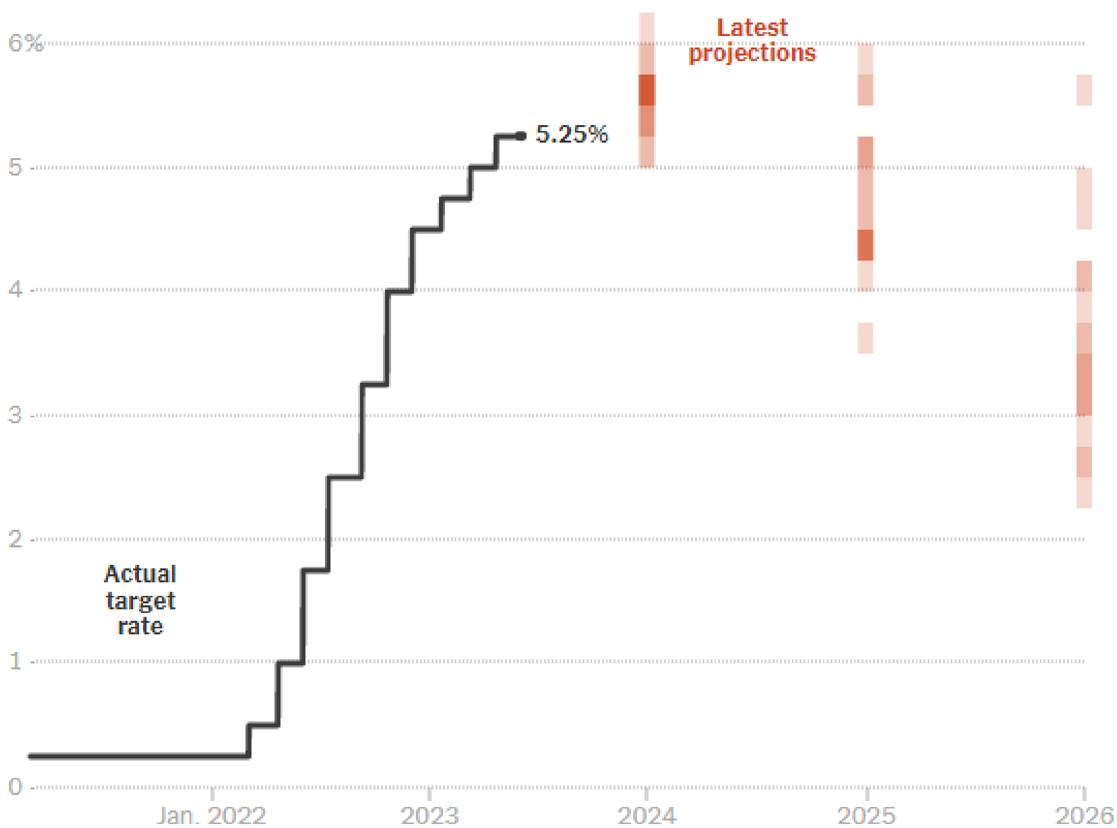
- **Inflation** –
  - The May US CPI inflation report, as expected, showed a continued slowdown in the trailing 12-month rate of CPI inflation. **The inflation rate fell to a 4.0% year-over-year increase** and a 0.1% monthly increase. Falling energy and food prices contributed to the drop off in inflation and the "core" rate of inflation excluding these more volatile components rose 0.4% in May.

- **New Jobs, Unemployment, Wages** –
  - The BLS Jobs Openings and Labor Turnover (JOLTS) report issued May 30th showed a healthy increase in the unfilled job openings to 10.1 million – up from 9.6 million in April, but down 16% from its peak at 12 million in March 2022. This resilience in the labor markets despite layoffs in the tech and banking sectors raises concerns that the Fed may yet continue with further interest rate hikes.
  - The May jobs report from the BLS on nonfarm employment showed a higher than expected pace of hiring in the economy with a gain of 339k new jobs. The strong new jobs data supports an economy that is surprisingly resilient despite significantly tightened monetary policy by the Fed.
  - **The unemployment rate in May increased to 3.7%**. It is not uncommon in any particular month for the BLS report on new jobs - based on surveys of businesses – to differ in direction from the measured unemployment rate – based on surveys of households and including self-employed workers.

- Wage growth in May from the BLS report showed a 4.3% increase in the year-over-year data

- **Monetary Policy** –
  - **The Fed, at its June 13-14 FOMC meeting left rates unchanged.** The target range for Fed Funds is now 5.00% to 5.25% - the highest since 2007.
    - The Fed's statement indicated the possibility of two more rate increases later in the year. The graph below shows the current range of interest rate expectations from the Fed Governors in May. It indicates an increase this year to possibly a 5.6% Fed Funds rate with declines in 2024-2026.

Fed officials project additional rate increases this year



Note: The actual target rate shows the upper limit of the federal funds target range. • Source: Federal Reserve • By Lazaro Gamio and Christine Zhang

Respectfully Submitted,

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Verus
PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS
MAY 2023
Capital Markets Update
Agenda Item 12

Market commentary

U.S. ECONOMICS

— The labor market maintained its resilience in May as nonfarm payrolls increased by 339,000, well above expectations and the revised April figure (294,000). Other components of the labor market, however, showed some weakness which might suggest a pause in Fed rate hikes. The unemployment rate jumped to 3.7%, and wage growth slowed slightly to 4.3% year-over-year.

— The ISM Manufacturing PMI dropped to 46.9 from 47.1 in the month prior and marked a seventh consecutive month of contraction. Several sub-indices declined from April levels, including new orders, backlogs, prices, and employment.

— The Univ. of Michigan Index of Consumer Sentiment hit a 6-month low (59.2) as the near-term economic outlook among consumers dropped sharply relative to April.

U.S. EQUITIES

— Major equity indices continued to be impacted by the volatility of large technology stocks. The NASDAQ 100 Index gained +7.7% while the S&P 500 Index and Dow Jones Industrial Average tallied +0.4% and -3.2%, respectively.

— The S&P 500 Index (+0.4%) has outperformed the Equal-Weighted Index (-3.8%) by +10.2% to start the year – the largest year-to-date gap between the two on record – shedding light on the growing concentration of the cap-weighted index.

— Q1 earnings broadly surprised to the upside but reflected a second consecutive quarter of year-over-year decline. Five of eleven sectors reported earnings growth, led by Consumer Discretionary and Industrials, while Materials and Utilities reported the largest declines.

U.S. FIXED INCOME

— Early in the month, the Fed approved its 10th rate hike since March 2022. The 25-bps increase raised the fed funds rate to a target of 5%-5.25%. In the press conference following the decision, Chairman Powell gave investors some optimism that the ongoing tightening cycle could be nearing its end but gave little insight on a pivot.

— The rate decision was followed by broad declines in Treasury yields across all maturities, except for the 3-month, which remained mostly flat in the days following. However, debt ceiling negotiations and worries of a U.S. default helped drive yields higher over the remainder of the month.

— The risk of a U.S. default and rising yields made for a difficult environment in the bond market. Besides U.S Treasury bills (+0.4%), major bond indices finished the month in the negative.

INTERNATIONAL MARKETS

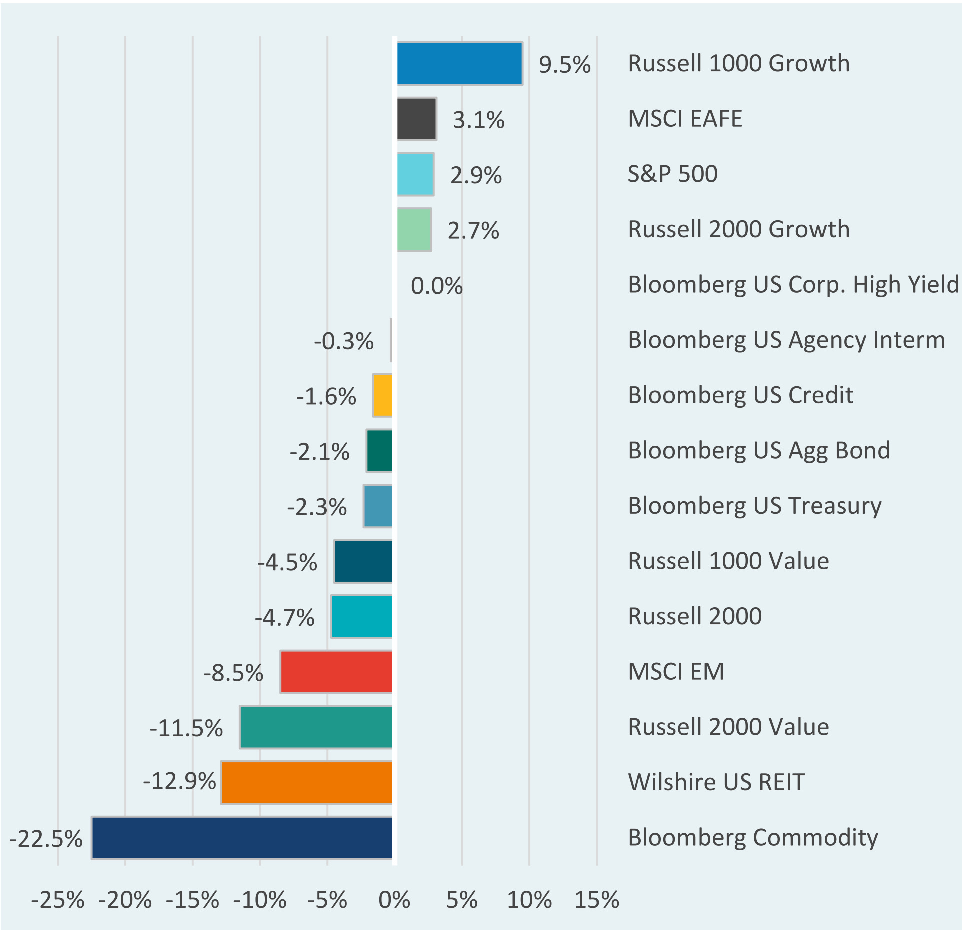
— The reopening momentum that boosted Chinese equities in 2022 has slowed in recent months. The MSCI China Index was -8.4% lower, driven in part by shrinking factory activity and exports. Data for May showed exports were down -7.5% year-over-year.

— Stubborn inflation data contributed to the BOE decision to hike rates by another 25 bps in early May. Although the Bank has reiterated its commitment to taming inflation, the print released late in the month showed core inflation rising to a 30-year high of 6.8% from 6.2% in March.

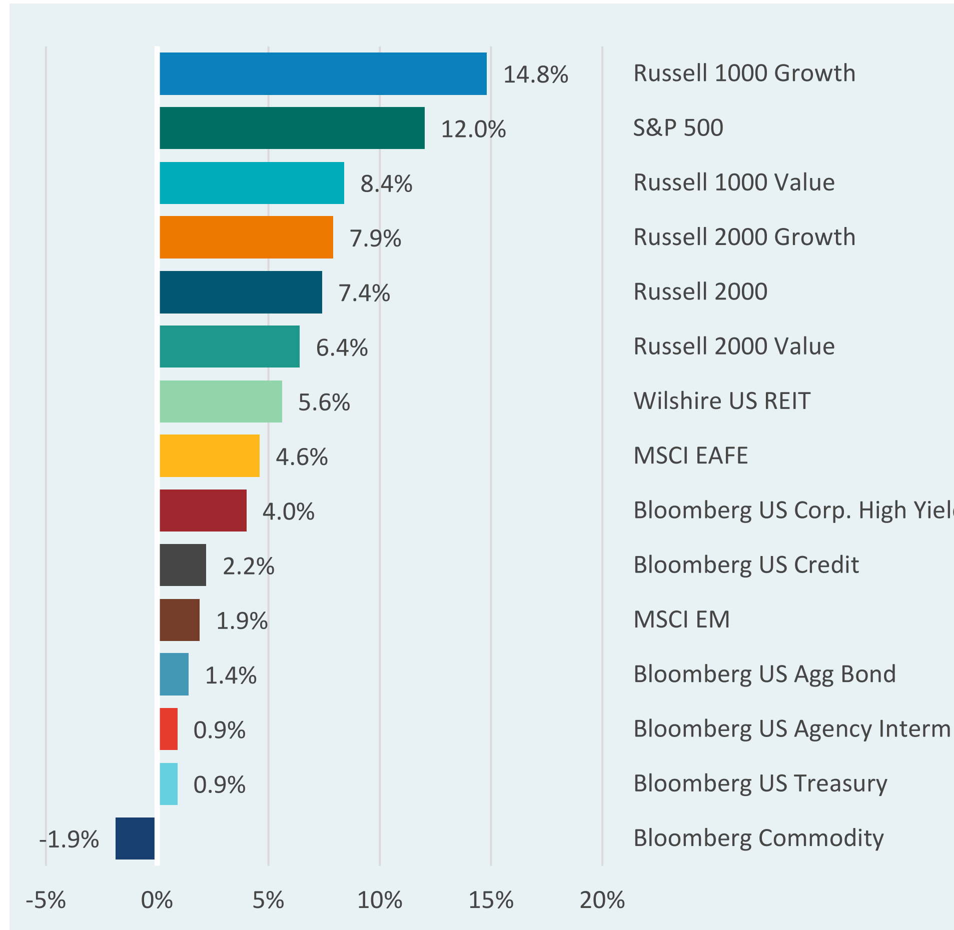
— Foreign currencies saw weakness due to a May rally in dollar value which created a headwind for international equities. Notably, the Yen dropped -2.5% while the Euro fell -3.5%.

Major asset class returns

ONE YEAR ENDING MAY



TEN YEARS ENDING MAY



**Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.*

Source: Morningstar, as of 5/31/23

Source: Morningstar, as of 5/31/23

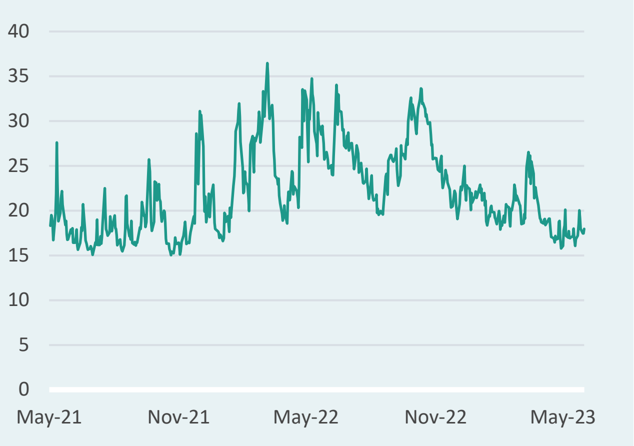
U.S. large cap equities

- The S&P 500 Index (+0.4%) ended slightly higher with help from the continued rally in mega-cap Information Technology stocks. Fears of a potential U.S. default were mitigated as President Biden signed a bill to suspend the debt ceiling, which also led equities higher.
- Positive performance was limited to 3 of the 11 S&P 500 GICS Sectors. The Information Technology sector rallied +9.5% and is now up +34.0% year-to-date. Communication Services (+6.2%) was the next best performer, followed by Consumer Discretionary (+3.2%). Energy (-10.0%), Materials (-6.8%), and Consumer Staples (-6.1%) were the worst performers.
- Earnings strength from mega-cap tech giants and growing anticipation surrounding AI-oriented products fueled growth sectors. Nvidia (NVDA) was the largest contributor to S&P 500 gains in May as the chipmaker surged more than +26.0% after its Q1 earnings trounced top- and bottom-line estimates.
- U.S. equity market volatility rebounded in May as investors monitored debt ceiling negotiations and a continued inflow of strong job market data. The VIX index of implied volatility hit an intra-month high of 20.8 on May 24th and ended +2.2 points higher at 17.9.

S&P 500 PRICE INDEX

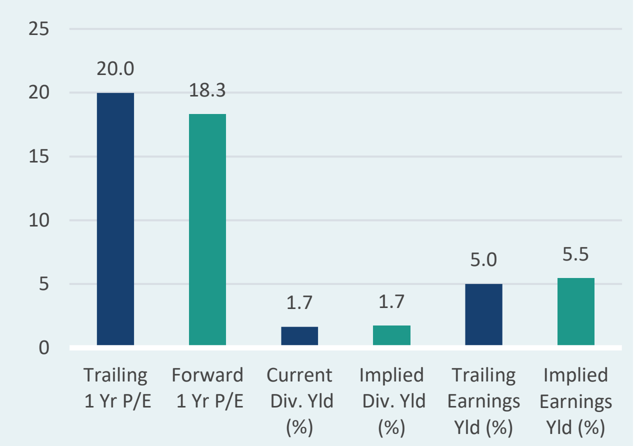
Source: Bloomberg, as of 5/31/23

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as of 5/31/23

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 5/31/23

Domestic equity size and style

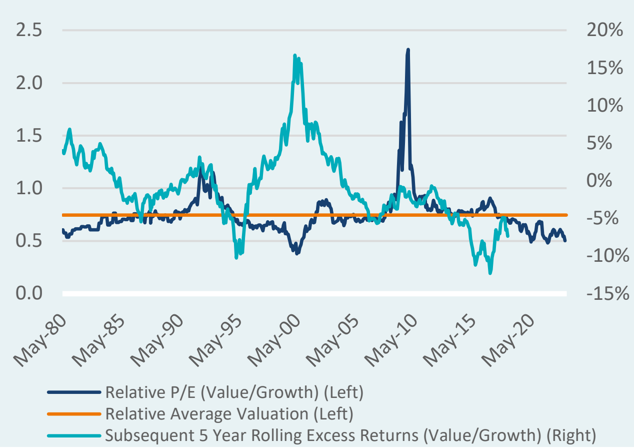
— Large-cap growth equities (Russell 1000 Growth +4.6%) widely outperformed large-cap value (Russell 1000 Value -3.9%) after Information Technology and Communications names saw a continued rally. Growth names are up +20.8% year-to-date, outperforming value by +22.2%.

— The recent surge in growth equities has been dominated by a small group of companies. Apple, Microsoft, Nvidia, and Amazon alone accounted for 63.5% of the year-to-date return for the Russell 1000 Growth Index at month end.

— Large-cap names (Russell 1000 +0.4%) beat small-caps (Russell 2000 -0.9%) for a third consecutive month. While small-cap Technology names have experienced similar tailwinds to their large-cap peers, weakness in the Energy and Financials sectors has dampened broader index performance.

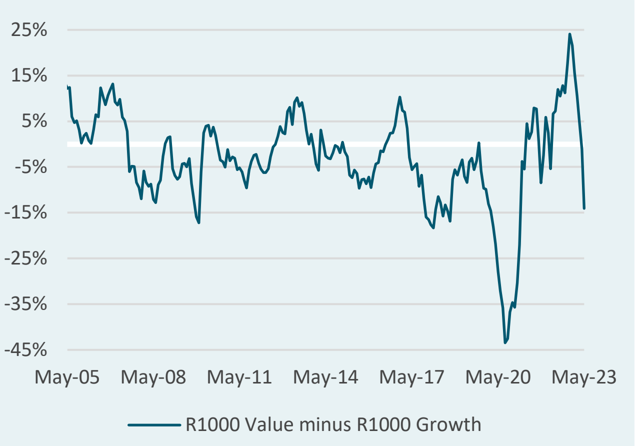
— On a forward-looking basis, small-cap stocks continue to trade at a growing discount relative to historical averages. At month end, the Russell 2000 Index traded at 19.9x forward earnings, materially lower than its ten-year average of 23.6x.

VALUE VS. GROWTH RELATIVE VALUATIONS



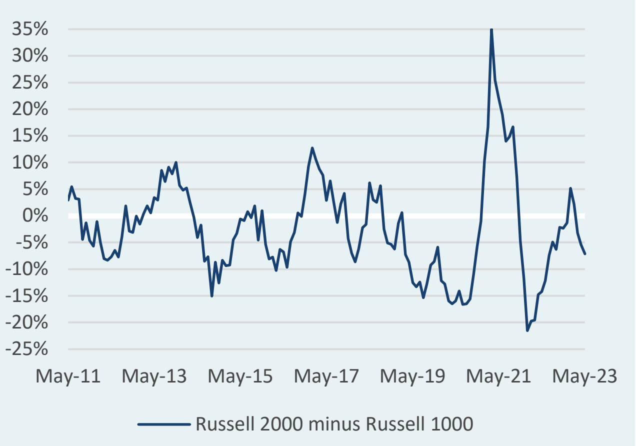
Source: FTSE, Bloomberg, as of 5/31/23

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/23

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/23

Fixed income

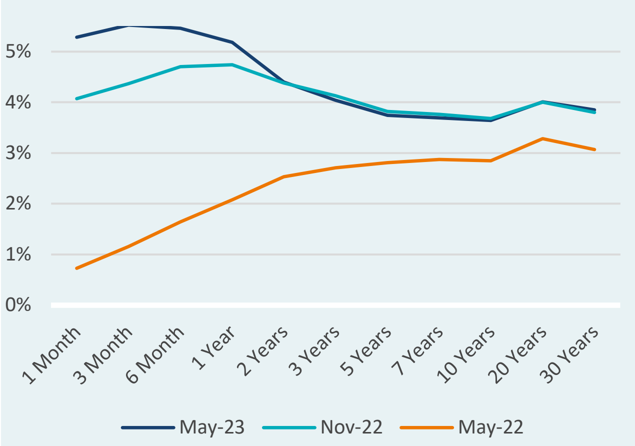
— The yield curve moved broadly higher though moves were most prominent on the short-end of the curve. Yields on 3-month Treasury bills rose +42bps and 2-year yields followed closely behind ending the month +36bps higher.

— Credit spreads in the U.S. saw little movement despite strong jobs data which signaled potential for additional rate hikes and debt ceiling uncertainty that persisted for most of May. U.S. high yield spreads moved +12bps higher to 469bps while investment grade spreads increased +5bps to 146bps.

— Agencies (-0.3%), mortgage-backed securities (-0.7%), and corporate high yield (-0.9%) – though negative – outperformed the Bloomberg U.S. Agg (-1.1%). Outperformance was partly driven by a shift away from Treasuries as the debt ceiling negotiations played out.

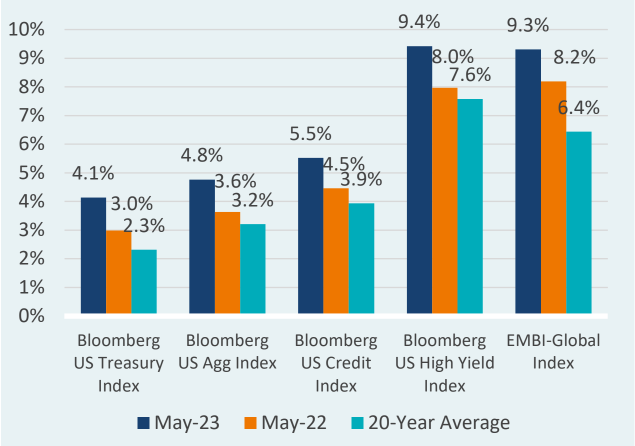
— Breakeven inflation rates across the curve continued their downward trajectory. While the movement is indicative of lower inflation expectations, it is also more sensitive to the current high inflation environment. To some, this paints a more positive outlook when compared to the most recent Fed commentary.

U.S. TREASURY YIELD CURVE



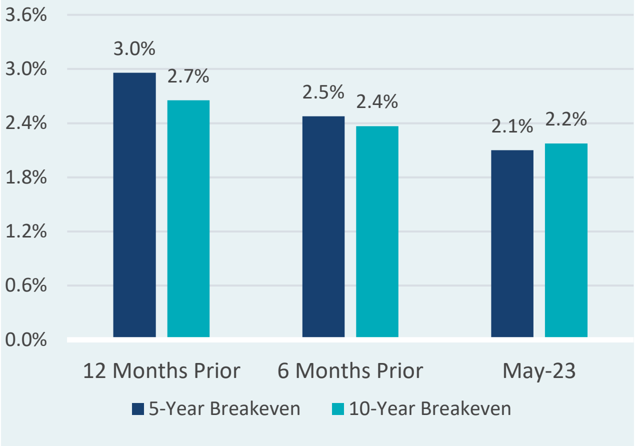
Source: Bloomberg, as of 5/31/23

NOMINAL YIELDS



Source: Morningstar, as of 5/31/23

BREAKEVEN INFLATION RATES

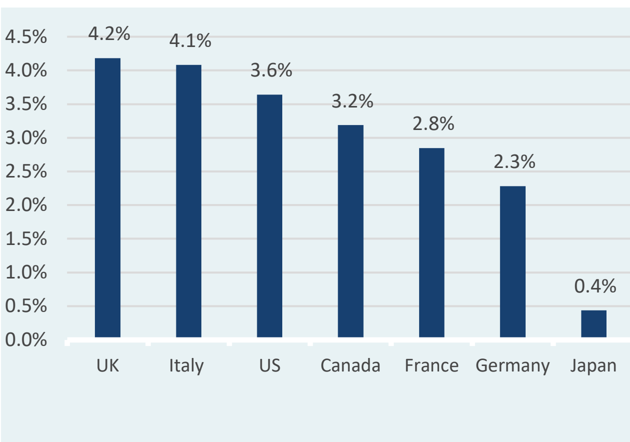


Source: Bloomberg, as of 5/31/23

Global markets

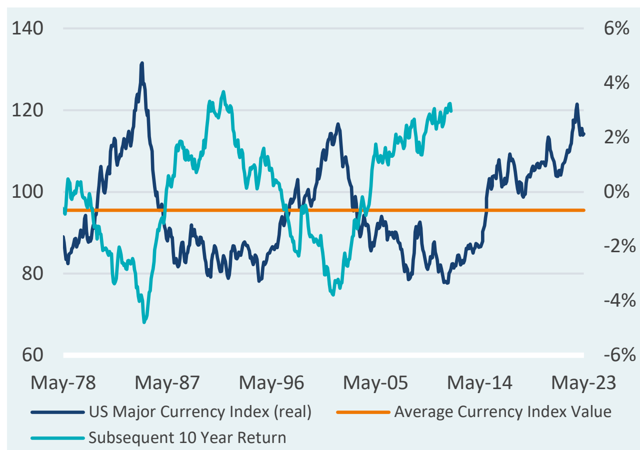
- International equities (MSCI ACWI ex US -3.6%) were pulled lower by sharp declines in developed markets (MSCI EAFE -4.2%), specifically by European indexes. Emerging equities (-1.7%) also declined, but less so due to outperformance of emerging Asian (-1.1%) and Latin American (-0.9%) equities.
- U.K. markets (MSCI UK Index -6.6%) were notably lower despite revised expectations that the country will likely dodge a recession in 2023. Debt ceiling woes in the U.S. likely contributed to declining sentiment. Falling oil and metals prices also weighed on the performance of English heavyweights including Shell, BP, and Rio Tinto.
- The MSCI Japan Index performed best among developed markets, climbing +1.9%. Higher-than-expected year-over-year Q1 GDP growth along with large inflows from foreign investors likely drove positive sentiment.
- The spreads of emerging market debt remained mostly rangebound. Yields of locally-denominated EM debt fell slightly in May; however, renewed U.S. dollar strength reversed the recent rally (JPM GBI-EM Global Div. -1.6%). EM currencies were weaker across all regions.

GLOBAL SOVEREIGN 10-YEAR YIELDS



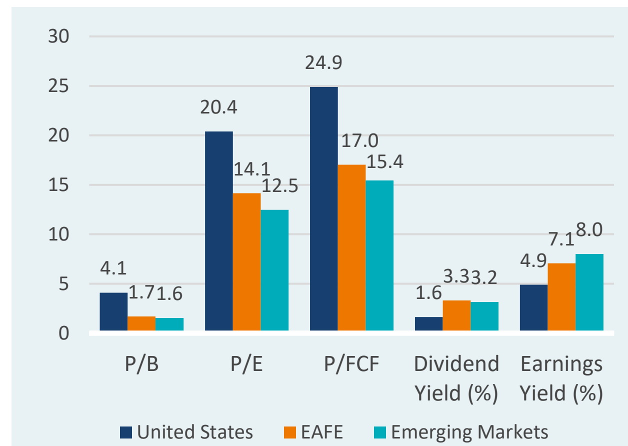
Source: Bloomberg, as of 5/31/23

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 5/31/23

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 5/31/23

Commodities

— The Bloomberg Commodity Index fell -5.6% and all sub-indices ended the month lower. Energy and metals prices were the biggest laggards in the commodity basket, pulled lower by broad U.S. dollar strength and weakening expectations for global economic growth.

— Industrial metals prices weakened for a fourth consecutive month on further signals of weaker-than-expected demand in China and growing global inventories. Copper prices were a noteworthy loser, hitting their lowest level in nearly 6 months toward month end. Members of the Bloomberg Industrial Metals Sub-Index have experienced an average decline of -16.4% year-to-date.

— The Bloomberg Energy Sub-Index dropped -8.8% on steep declines in oil prices. WTI crude prices fell -11.3% while prices for Brent crude ended the month -9.6% lower. Heightened concerns over a slowdown in global economic growth put downward pressure on prices.

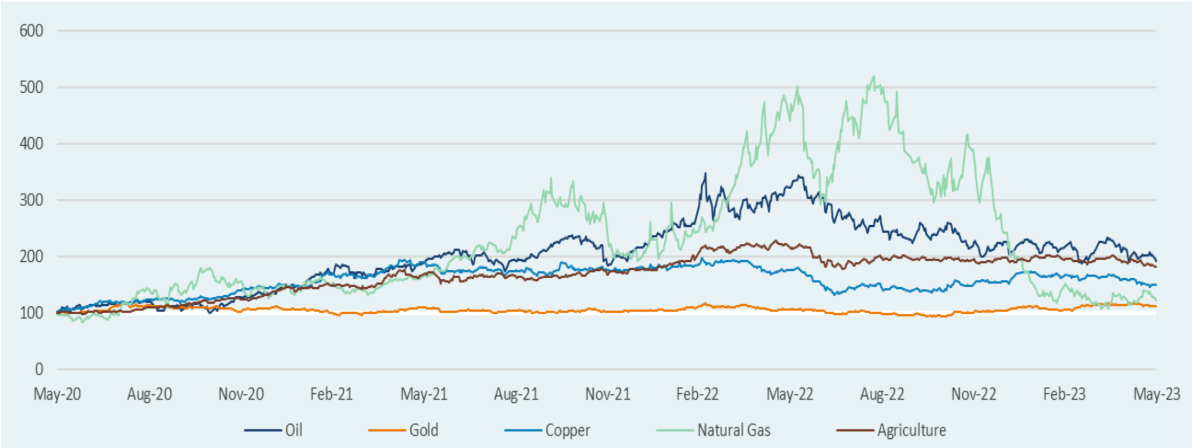
— Gold prices (-0.9%) declined narrowly in May but are up +8.5% year-to-date. Prices for the precious metal have been mostly flat since mid March despite growing dollar strength and new bets for more Fed rate hikes – two factors which tend to impede on gold performance.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(5.6)	(6.5)	(11.4)	(22.5)	17.2	3.2	(1.9)
Bloomberg Agriculture	(4.2)	(4.8)	(5.8)	(12.4)	24.0	6.7	(1.0)
Bloomberg Energy	(8.8)	(15.5)	(26.2)	(45.7)	18.6	(4.9)	(9.5)
Bloomberg Grains	(3.0)	(6.4)	(11.5)	(20.6)	20.2	5.2	(3.2)
Bloomberg Industrial Metals	(8.4)	(11.8)	(13.4)	(21.4)	14.4	2.1	1.3
Bloomberg Livestock	(1.8)	(2.5)	(4.4)	6.0	6.0	(3.1)	(2.9)
Bloomberg Petroleum	(8.0)	(10.6)	(13.8)	(26.3)	38.7	3.0	(4.3)
Bloomberg Precious Metals	(2.4)	8.4	5.5	7.0	3.8	7.2	1.9
Bloomberg Softs	(2.6)	9.9	19.8	5.3	29.5	7.8	0.2

Source: Morningstar, as of 5/31/23

COMMODITY PERFORMANCE



Source: Bloomberg, as of 5/31/23

Appendix

Periodic table of returns

BEST ↑ / WORST ↓

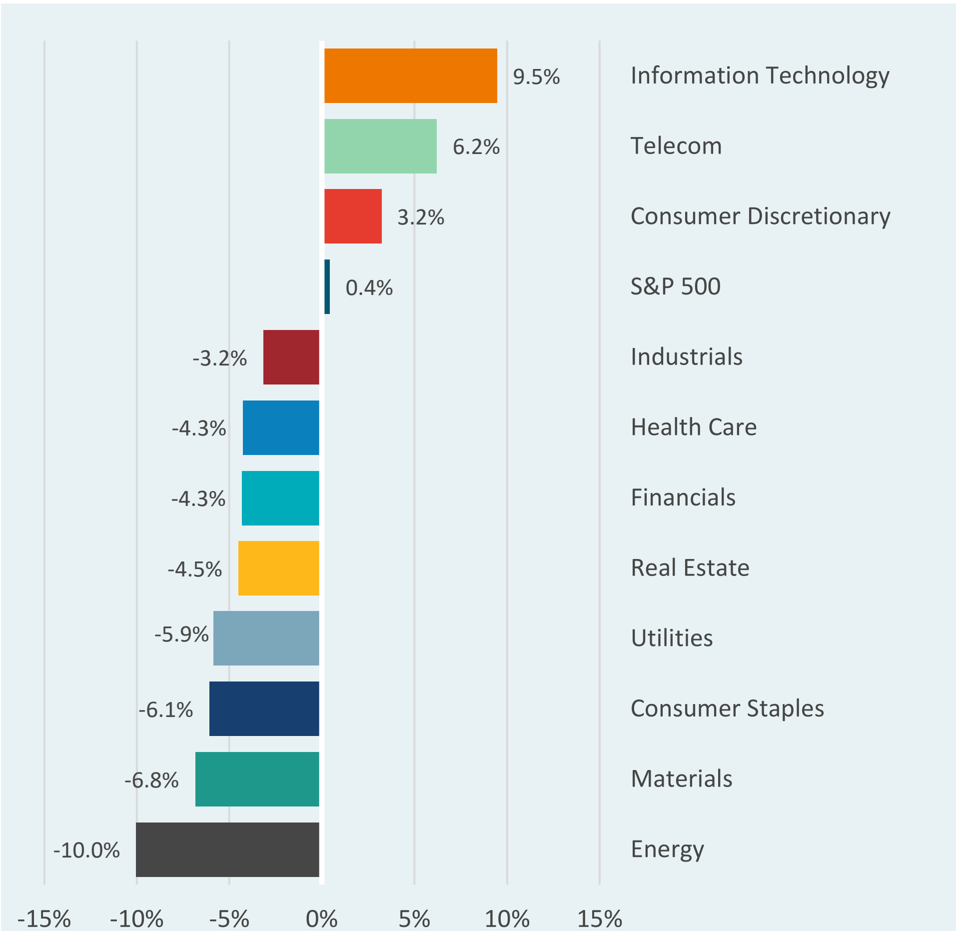
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	5-Year	10-Year
Large Cap Growth	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	20.8	13.8	14.8
International Equity	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	9.3	10.6	11.8
Large Cap Equity	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	27.1	1.5	6.8	6.8	8.4
60/40 Global Portfolio	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	26.5	-4.7	5.2	6.7	8.3
Small Cap Growth	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	25.2	-7.5	4.9	3.8	7.9
US Bonds	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.4	14.0	17.7	-13.0	2.5	3.2	7.4
Cash	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.0	10.3	14.8	-14.5	1.8	3.2	6.4
Hedge Funds of Funds	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	11.3	-14.5	1.3	3.0	4.9
Emerging Markets Equity	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	8.9	-17.3	1.1	2.7	4.6
Small Cap Equity	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	6.5	-19.1	0.0	2.7	3.1
Large Cap Value	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	-20.1	-1.4	2.1	1.9
Real Estate	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-20.4	-1.8	1.4	1.4
Small Cap Value	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.5	-26.4	-5.0	0.8	0.9
Commodities	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.5	-29.1	-11.4	-0.7	-1.9

- Large Cap Equity
- Large Cap Value
- Large Cap Growth
- Small Cap Equity
- Small Cap Value
- Small Cap Growth
- International Equity
- Emerging Markets Equity
- US Bonds
- Cash
- Commodities
- Real Estate
- Hedge Funds of Funds
- 60% MSCI ACWI/40% Bloomberg Global Bond

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 3/31/23.

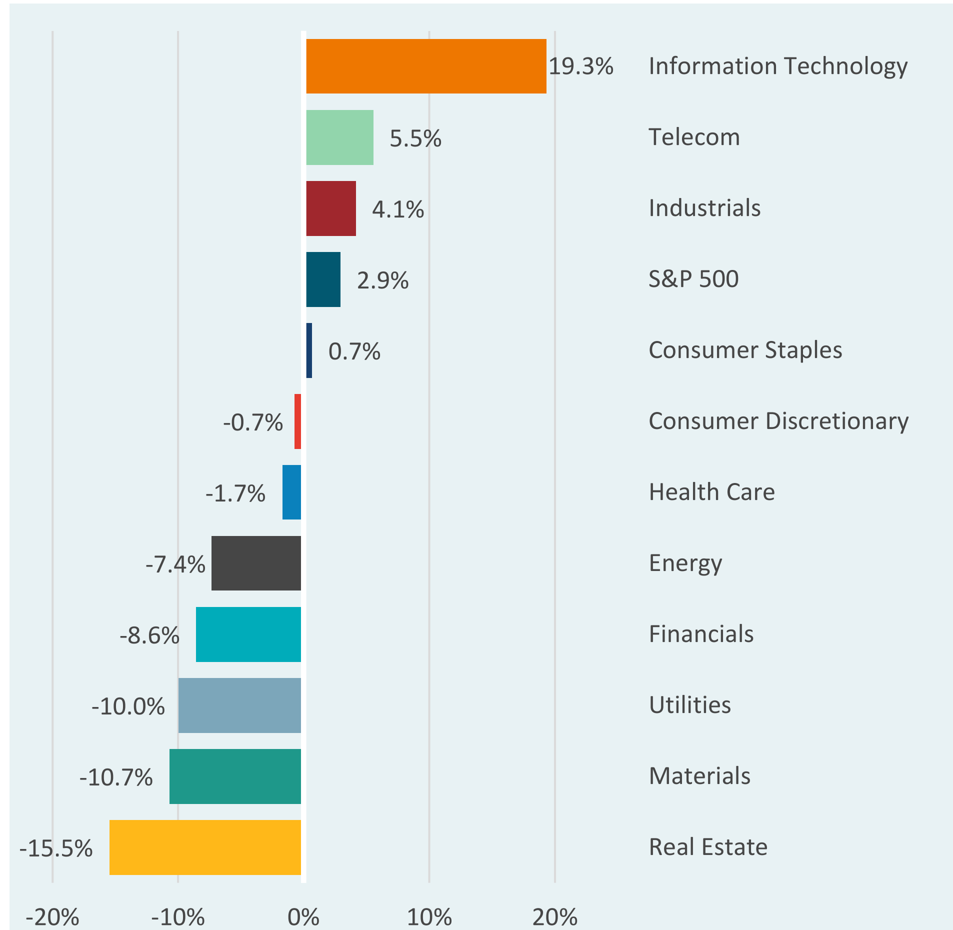
S&P 500 sector returns

QTD



Source: Morningstar, as of 5/31/23

ONE YEAR ENDING MAY



Source: Morningstar, as of 5/31/23

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.4	2.0	9.6	2.9	12.9	11.0	12.0
S&P 500 Equal Weighted	(3.8)	(3.5)	(0.6)	(4.3)	13.6	8.8	10.5
DJ Industrial Average	(3.2)	(0.7)	0.2	2.0	11.3	8.5	10.6
Russell Top 200	1.6	3.4	12.4	4.9	13.2	12.0	12.7
Russell 1000	0.5	1.7	9.3	2.4	12.5	10.6	11.8
Russell 2000	(0.9)	(2.7)	(0.0)	(4.7)	9.2	2.7	7.4
Russell 3000	0.4	1.5	8.7	2.0	12.2	10.1	11.5
Russell Mid Cap	(2.8)	(3.3)	0.6	(4.5)	10.2	6.9	9.3
Style Index							
Russell 1000 Growth	4.6	5.6	20.8	9.5	12.8	13.8	14.8
Russell 1000 Value	(3.9)	(2.4)	(1.4)	(4.5)	11.6	6.8	8.4
Russell 2000 Growth	0.0	(1.1)	4.9	2.7	4.6	2.7	7.9
Russell 2000 Value	(2.0)	(4.4)	(5.0)	(11.5)	13.6	2.1	6.4

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	(1.1)	0.4	7.7	0.9	10.1	6.8	7.8
MSCI ACWI ex US	(3.6)	(2.0)	4.8	(1.4)	7.2	2.2	3.8
MSCI EAFE	(4.2)	(1.5)	6.8	3.1	8.5	3.2	4.6
MSCI EM	(1.7)	(2.8)	1.1	(8.5)	3.5	(0.7)	1.9
MSCI EAFE Small Cap	(4.2)	(2.2)	2.6	(4.7)	5.2	0.3	5.5
Style Index							
MSCI EAFE Growth	(3.1)	(0.7)	10.3	6.1	6.2	4.5	5.7
MSCI EAFE Value	(5.4)	(2.3)	3.5	0.1	10.6	1.6	3.2
Regional Index							
MSCI UK	(6.6)	(1.6)	4.4	(0.4)	11.7	1.9	2.9
MSCI Japan	1.9	2.2	8.6	4.5	4.3	1.8	5.0
MSCI Euro	(5.6)	(2.5)	12.7	10.6	11.6	3.8	4.9
MSCI EM Asia	(1.1)	(3.4)	1.3	(8.2)	3.0	(0.3)	3.8
MSCI EM Latin American	(0.9)	1.8	5.8	(3.8)	14.1	1.8	(0.9)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(1.2)	(1.1)	2.2	(4.2)	0.4	2.6	1.7
Bloomberg US Treasury Bills	0.4	0.7	1.9	3.1	1.1	1.5	0.9
Bloomberg US Agg Bond	(1.1)	(0.5)	2.5	(2.1)	(3.6)	0.8	1.4
Bloomberg US Universal	(1.0)	(0.4)	2.5	(1.9)	(3.1)	1.0	1.6
Duration							
Bloomberg US Treasury 1-3 Yr	(0.4)	(0.1)	1.5	0.0	(0.9)	1.0	0.8
Bloomberg US Treasury Long	(2.8)	(2.3)	3.7	(8.2)	(12.0)	(0.8)	1.5
Bloomberg US Treasury	(1.2)	(0.6)	2.4	(2.3)	(4.5)	0.6	0.9
Issuer							
Bloomberg US MBS	(0.7)	(0.2)	2.3	(2.7)	(3.6)	0.1	1.1
Bloomberg US Corp. High Yield	(0.9)	0.1	3.6	0.0	2.9	3.1	4.0
Bloomberg US Agency Interm	(0.3)	0.1	1.9	(0.3)	(1.8)	0.8	0.9
Bloomberg US Credit	(1.4)	(0.6)	2.8	(1.6)	(2.9)	1.5	2.2

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(5.6)	(6.3)	(11.4)	(22.5)	17.2	3.2	(1.9)
Wilshire US REIT	(2.8)	(2.0)	1.2	(12.9)	7.5	4.2	5.6
CS Leveraged Loans	(0.1)	0.9	4.0	5.5	5.9	3.6	3.8
S&P Global Infrastructure	(5.5)	(3.1)	0.8	(6.7)	9.1	5.1	6.1
Alerian MLP	(0.0)	1.7	5.2	7.9	25.7	4.7	0.8
Regional Index							
JPM EMBI Global Div	(0.6)	(0.0)	1.8	(1.5)	(2.7)	(0.1)	2.1
JPM GBI-EM Global Div	(1.6)	(0.7)	4.4	3.1	(2.3)	(0.9)	(1.3)
Hedge Funds							
HFRI Composite	(0.2)	0.0	1.2	(0.1)	8.1	4.4	4.3
HFRI FOF Composite	0.2	0.5	1.3	1.3	5.4	3.0	3.1
Currency (Spot)							
Euro	(3.4)	(1.9)	(0.1)	(0.5)	(1.4)	(1.8)	(1.9)
Pound Sterling	(1.4)	0.2	3.0	(1.7)	0.1	(1.4)	(2.0)
Yen	(2.5)	(4.7)	(5.6)	(7.9)	(8.3)	(4.9)	(3.2)

Source: Morningstar, HFRI, as of 5/31/23.

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	(1.6)	21.3	17.3	14.0
Global Private Equity Direct Funds *	(5.0)	21.1	18.3	16.2
U.S. Private Equity Direct Funds *	(2.3)	24.2	20.9	17.9
Europe Private Equity Direct Funds *	(11.4)	17.3	15.2	14.1
Asia Private Equity Direct Funds *	(9.5)	11.9	11.2	12.9
Public Index Time-weighted Returns				
MSCI World	(19.6)	4.6	5.3	8.1
S&P 500	(15.5)	8.2	9.2	11.7
MSCI Europe	(24.8)	(1.7)	(1.2)	3.4
MSCI AC Asia Pacific	(27.7)	(1.7)	(0.6)	3.7

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	15.7	13.5	11.9	13.3
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	(16.4)	(2.0)	2.9	6.3

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	9.9	15.3	12.4	11.6
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	(3.9)	1.4	2.5	3.0

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	25.2	8.7	5.1	3.6
Global Infrastructure	9.4	10.8	10.3	10.7
Public Index Time-weighted Returns				
S&P Global Natural Resources	1.0	9.1	5.7	3.4
S&P Global Infrastructure	(6.0)	(0.1)	2.1	5.7

Source: Pooled IRRs are from Thompson Reuters C|A and Time-weighted Returns are from Investment Metrics, as of September 30th, 2022. All returns in U.S. dollars.
** Includes Buyout, Growth Equity and Venture Capital.*
*** Includes Control-Oriented Distressed, Credit Opportunities, Senior Debt and Subordinated Capital.*
**** Includes Private Equity Energy, Timber and Upstream Energy & Royalties.*

Notices & disclosures

__Past performance is no guarantee of future results.__ This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Additional information about Verus Advisory, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

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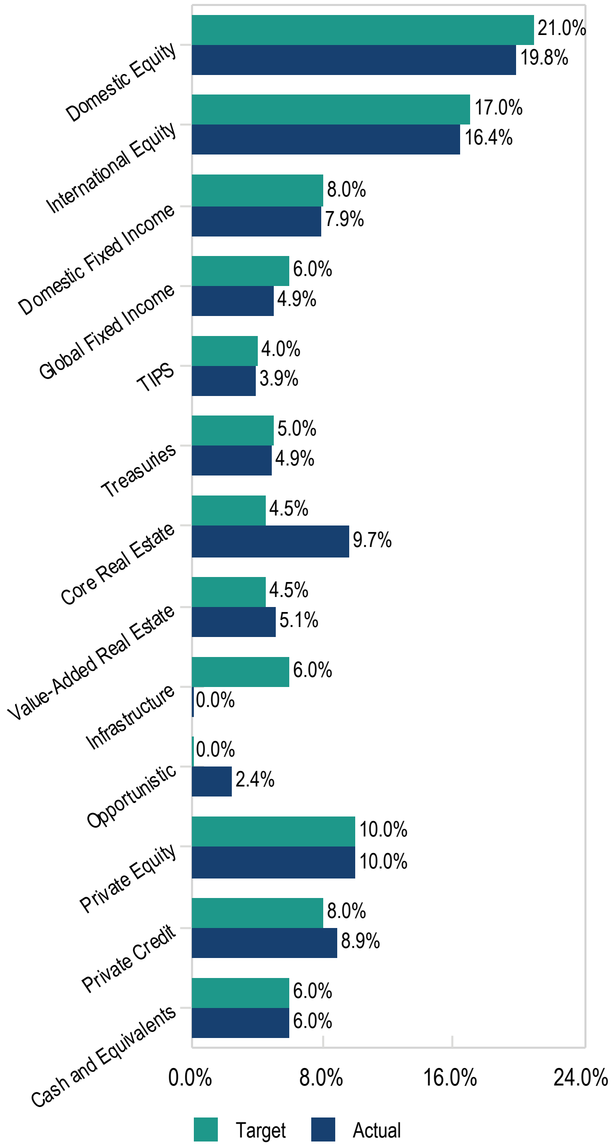
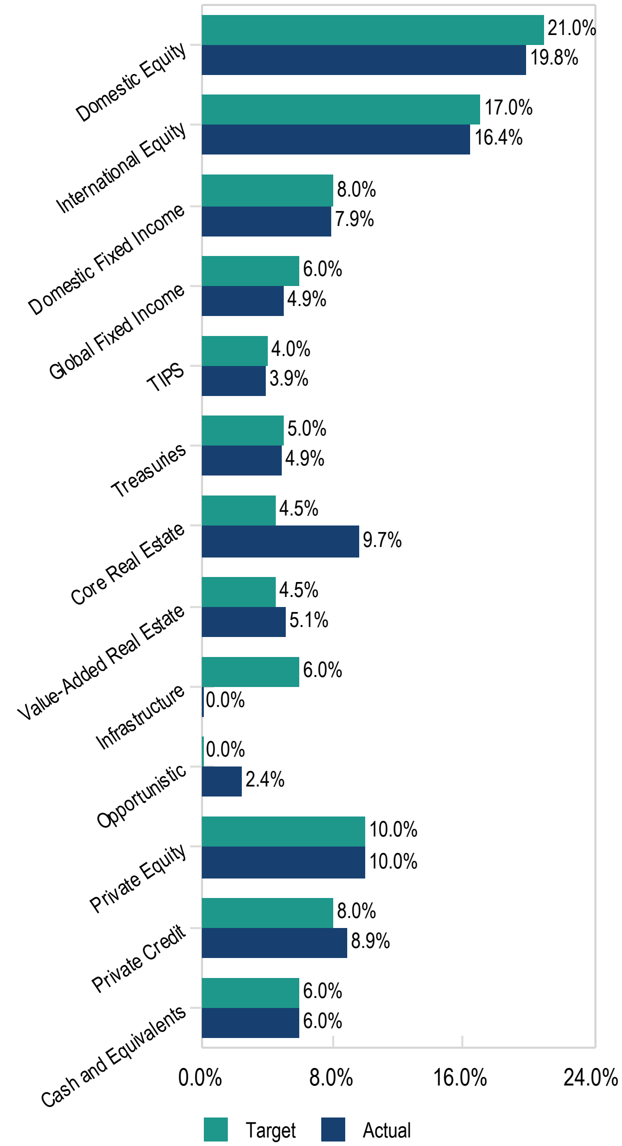
	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	**1,615,284,825**	**100.0**	**-0.8**	**2.3**
Interim Policy Index			*-0.7*	*3.2*
FFP SAA Index			*-0.3*	*2.8*
Total Growth	**1,128,846,404**	**69.9**	**-0.8**	**2.4**
Custom Growth Benchmark			*-0.6*	*3.8*
Total Public Equity	**586,019,597**	**36.3**	**-1.5**	**5.9**
Public Equity Benchmark			*-1.4*	*7.1*
Total Domestic Equity	**320,335,735**	**19.8**	**-0.6**	**4.9**
Russell 3000 Index			*0.4*	*8.7*
PIMCO RAE US	89,641,557	5.5	-3.4	-1.7
S&P 500 Index			*0.4*	*9.6*
Loomis Sayles Large Cap Growth	86,269,875	5.3	6.2	29.7
Russell 1000 Growth Index			*4.6*	*20.8*
Boston Partners Large Cap Value	70,262,123	4.3	-2.4	-2.5
Russell 1000 Value Index			*-3.9*	*-1.4*
Atlanta Capital Mgmt	74,162,180	4.6	-3.2	-2.1
Russell 2500 Index			*-1.8*	*0.3*
Total International Equity	**265,683,862**	**16.4**	**-2.7**	**7.2**
MSCI AC World ex USA Index			*-3.5*	*5.1*
Dodge & Cox Intl Stock	136,823,751	8.5	-4.8	3.7
MSCI AC World ex USA Value			*-4.4*	*3.3*
WCM International Growth	128,860,111	8.0	-0.3	11.1
MSCI AC World ex USA Growth			*-2.7*	*6.9*
Total Private Equity	**161,188,536**	**10.0**		
Harbourvest Partners IX Buyout Fund L.P.	11,961,230	0.7		
Pathway Private Equity Fund Investors 9 L.P.	82,526,409	5.1		
Harbourvest 2018 Global Fund L.P.	20,472,651	1.3		
Harbourvest SLO Fund Private Equity	30,428,177	1.9		
Pathway Private Equity Fund Investors 10 L.P.	15,800,069	1.0		
Total Private Credit	**143,488,805**	**8.9**		
Sixth Street Partners DCP	83,861,207	5.2		
Harbourvest SLO Credit Fund	59,627,598	3.7		



Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Harbourvest funds as of 12/31/22. Sixth Street Partners DCP and TAO, ARA American Strategic Value Realty and KKR Mezzanine Partners as of 3/31/23. All data is preliminary.

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	**238,149,466**	**14.7**	**-0.7**	**-3.6**
NCREIF Property Index			*0.0*	*-1.8*
JP Morgan Core Real Estate	156,278,402	9.7	-1.0	-4.3
NCREIF-ODCE			*0.0*	*-3.2*
NCREIF Property Index			*0.0*	*-1.8*
ARA American Strategic Value Realty	81,871,064	5.1	0.0	-2.4
NCREIF-ODCE			*0.0*	*-3.2*
NCREIF Property Index			*0.0*	*-1.8*
Total Risk Diversifying	**349,833,214**	**21.7**	**-1.3**	**2.5**
Total Risk Diversifying Benchmark			*-1.4*	*2.3*
Total Domestic Fixed Income	**269,933,758**	**16.7**	**-0.9**	**3.3**
Blmbg. U.S. Aggregate Index			*-1.1*	*2.5*
BlackRock Core Bond	408,793	0.0	-7.5	-2.5
Blmbg. U.S. Aggregate Index			*-1.1*	*2.5*
Dodge & Cox Income Fund	60,679,761	3.8	-0.8	3.1
Blmbg. U.S. Aggregate Index			*-1.1*	*2.5*
Pacific Asset Corporate Loan	66,505,581	4.1	-0.3	4.8
Morningstar LSTA US Leveraged Loan			*-0.2*	*4.1*
SSGA U.S. Govt Bond Index	79,361,139	4.9	-1.1	2.6
Blmbg. U.S. Government			*-1.1*	*2.3*
BlackRock TIPS	62,978,484	3.9	-1.2	2.5
Blmbg. U.S. TIPS			*-1.2*	*2.2*
Total Global Fixed	**79,899,456**	**4.9**	**-2.6**	**-0.1**
FTSE World Government Bond Index			*-2.2*	*1.7*
Brandywine Global Fixed Income	36,841,200	2.3	-2.9	0.8
FTSE Non-U.S. World Government Bond			*-2.9*	*1.0*
Ashmore EM Blended Debt Fund	43,058,256	2.7	-2.4	-0.9
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			*-0.9*	*2.7*



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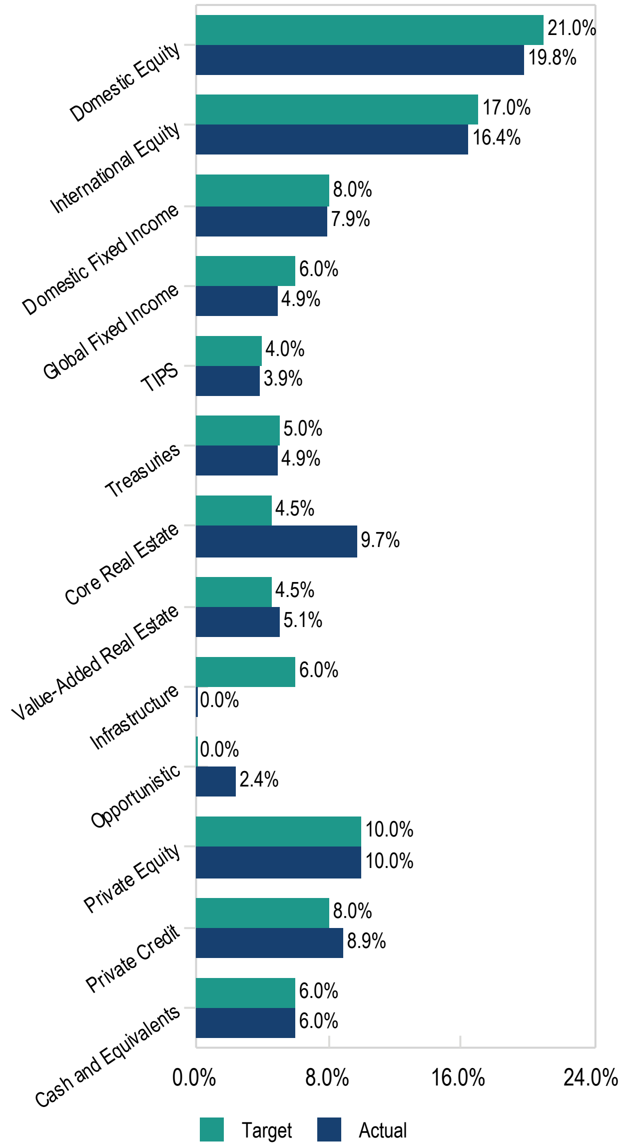
	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	**97,322,903**	**6.0**	**0.0**	**1.4**
90 Day U.S. Treasury Bill			*0.4*	*1.8*
Total Cash	**97,322,903**	**6.0**	**0.0**	**1.4**
90 Day U.S. Treasury Bill			*0.4*	*1.8*
PIMCO Short Duration Fund	33,746,084	2.1	-0.3	1.8
Blmbg. 1-3 Year Gov/Credit index			*-0.3*	*1.5*
Cash Account	34,073,897	2.1	0.0	1.1
90 Day U.S. Treasury Bill			*0.4*	*1.8*
Investment Cash	29,502,922	1.8	0.4	1.4
90 Day U.S. Treasury Bill			*0.4*	*1.8*
Total Opportunistic	**39,282,304**	**2.4**		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,199,533	0.2		
Sixth Street Partners TAO	36,082,771	2.2		



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San Luis Obispo County
Pension Trust
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Date: June 26, 2023

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 14: Asset Allocation – May 2023

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action, if necessary, regarding asset allocation and related investment matters.

As a report on current asset allocation relative to the 2023 Interim SAA Target Allocation the following table provides details. Also shown is a comparison to the SAA Target Allocation targeted for 2027.

Asset values may differ slightly from those shown in the Monthly Investment report due to when the report was run as various market values are finalized for month-end.

FFP Asset Mix	Est. Market Value ($000s)	% Allocation	SAA Target Allocation	Variance	Strategic Asset Allocation
	05/31/23		2023 Revised Interim		Long Term
Bank (operating)	1,783	0.1%	0.1%	0.0%	0.1%
SLOC Treasury	32,291	2.0%	2.0%	0.0%	1.7%
JPM short term	29,503	1.8%	1.4%	0.4%	2.3%
Short Duration	33,746	2.1%	2.5%	-0.4%	6.0%
LIQUIDITY	97,323	6.0%	6.0%	0.0%	10.0%
Equity- Public Mkt US	320,305	19.9%	21.0%	-1.1%	16.0%
Equity- Public Mkt Intl	265,683	16.5%	17.0%	-0.5%	14.0%
Equity- Public Mkt Global	-	0.0%		0.0%	
Bank Loans	66,505	4.1%	4.0%	0.1%	
Bonds- Intl.	36,840	2.3%	3.0%	-0.7%	
Bonds- Emerging Mkts	43,058	2.7%	3.0%	-0.3%	
Real Estate- Core	156,278	9.7%	9.0%	0.7%	5.0%
Real Estate- Value Add	81,871	5.1%	4.0%	1.1%	5.0%
Infrastructure	-	0.0%	2.0%	-2.0%	5.0%
Private Equity	161,579	10.0%	10.0%	0.0%	18.0%
Private Credit	143,489	8.9%	8.0%	0.9%	12.0%
Opportunistic	36,374	2.3%	0.0%	2.3%	
GROWTH	1,311,982	81.3%	81.0%	0.3%	75.0%
Bonds- Core	61,122	3.8%	4.0%	-0.2%	
Treasuries - Intermediate	79,361	4.9%	5.0%	-0.1%	8.0%
TIPS	62,978	3.9%	4.0%	-0.1%	7.0%
RISK DIVERSFYING	203,461	12.6%	13.0%	-0.4%	15.0%
TOTAL	1,612,766	100.0%	100.0%		100.0%
Liquidity + Risk Diversifying		18.7%	19.0%	-0.3%	25.0%

Respectfully submitted,