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, 2020

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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

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

Table of Contents

Introductory Section

Financial Section

Investment Section

Actuarial Section

Table of Contents (continued)

Statistical Section

Photographs: Carl Nelson

Introductory Section

San Luis Obispo County
Pension Trust
SLOCPT

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June 28, 2021

San Luis Obispo County Pension Trust
Board of Trustees

Carl Nelson
Executive Director
and Chief Investment Officer

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, 2020.

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 18 through 22.

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 **Employee 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.

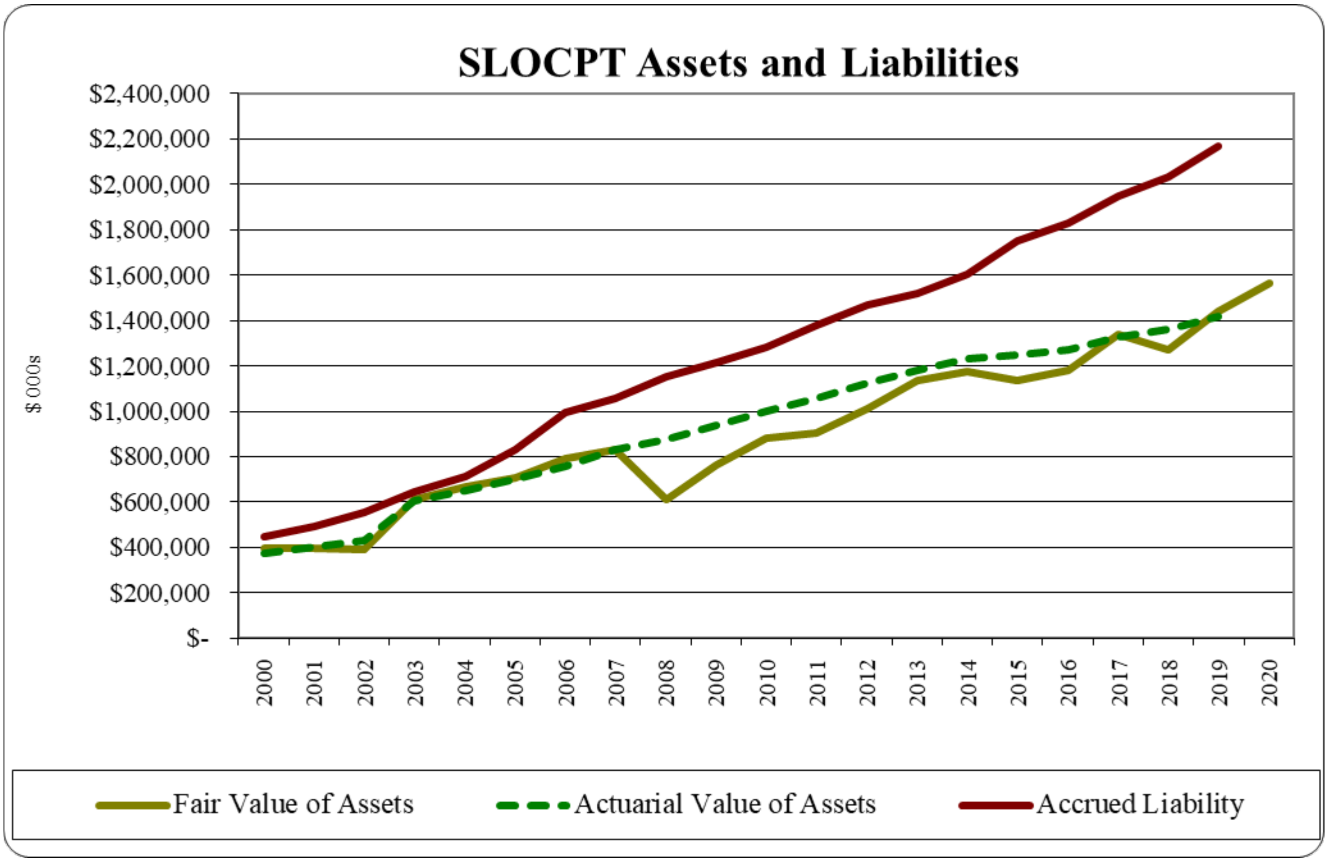
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and employee contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the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

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2020 valuation. It is based on member data and financial results through December 31, 2019. The Pension Trust's actuary through December 31, 2020, Gabriel Roeder Smith & Company (GRS), completed this annual valuation prior to the preparation of this ACFR. The most recent biennial actuarial experience study was completed by GRS as of January 1, 2020. At the time of preparation of this ACFR, the January 1, 2021 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:



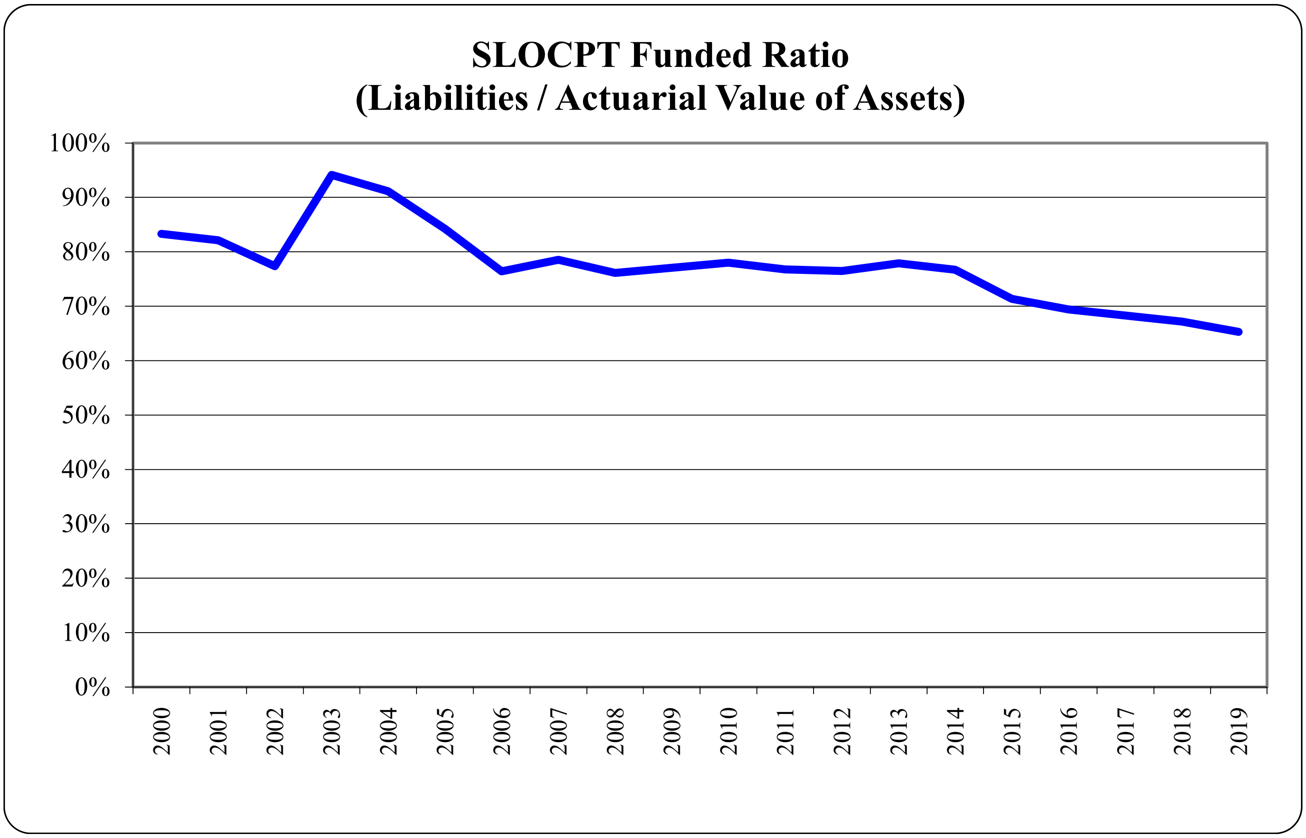
Source: Pension Trust financial records from annual actuarial valuations

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%

This reduced Earnings Assumption, combined with revised Inflation, Payroll Growth, Salary Growth, Mortality assumptions, and Unfunded Actuarial Accrued Liability amortization methods plus numerous other actuarial gains and losses, contributed to the increase in the Actuarial Accrued Liability at year-end 2015 through 2019 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 67.1% as of year-end 2018 to 65.3% as of year-end 2019. 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 69 through 87.

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:

	2016	2017	2018	2019	2020
SLOCPT Total Returns	6.6%	15.5%	-3.2%	16.3%	8.9%

Source: Verus reports

For cumulative periods ending December 31, 2020, 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	8.9%	7.1%	8.6%	7.7%	6.2%

Source: Verus 4th Quarter 2020 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 51 through 67.

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 keeps foremost in its operation that the retirement benefits promised by the Plan Sponsor and administered by the Pension Trust are an important element of compensation to the more than 6,390 hard-working public servants included in the Plan. The promise of lifetime retirement income as a portion of the compensation for such service is a weighty responsibility and one not taken lightly. The social services, health services, public infrastructure, planning, justice system, emergency services, public safety, 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 a 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 and it is still worth noting that this is indeed what happens – month after month. It is also of interest to note where retiree benefits are paid geographically. As of December 31, 2020, the Pension Trust paid benefit allowances to 3,070 retirees, disability recipients, beneficiaries, and survivors. During 2020, $109.1 million was paid by the Pension Trust in recipients' benefits. Of this amount, The Pension Trust estimates close to 80% was sent to addresses within San Luis Obispo County. The significance of this data is that the majority of retirement benefits paid by the Pension Trust is presumably spent within San Luis Obispo County and contributes in a material way to the local economy.

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 2020 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 assets as part of the Growth sub-portfolio.

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 2020 and its findings were considered in the setting of assumptions for the January 1, 2020 annual actuarial valuation. As part of the 2019 actuarial valuation further changes in assumptions were planned for 2020. The current key actuarial assumptions used in the January 1, 2020 actuarial valuation (the most recent available as of the date of this writing) were as follows:

- 6.875% Earning Assumption
- 2.75% Salary Growth Assumption
- 2.75% Payroll Growth Assumption
- 2.25% Inflation Assumption
- Mortality Assumptions updated to latest available actuarial tables (Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, with a multiplier)

At the time of preparation of this ACFR, the January 1, 2021 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 cadre of staff, legal counsel and advisors with long experience with the organization and in the public pension industry and a 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 tenth 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2020

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, 2020

James Hamilton
Treasurer
Ex-Officio Member

Guy Savage
President
Appointed Member

Michelle Shoresman
Elected Member
Present term
expires 2023

Gere Sibbach
Vice President
Appointed Member

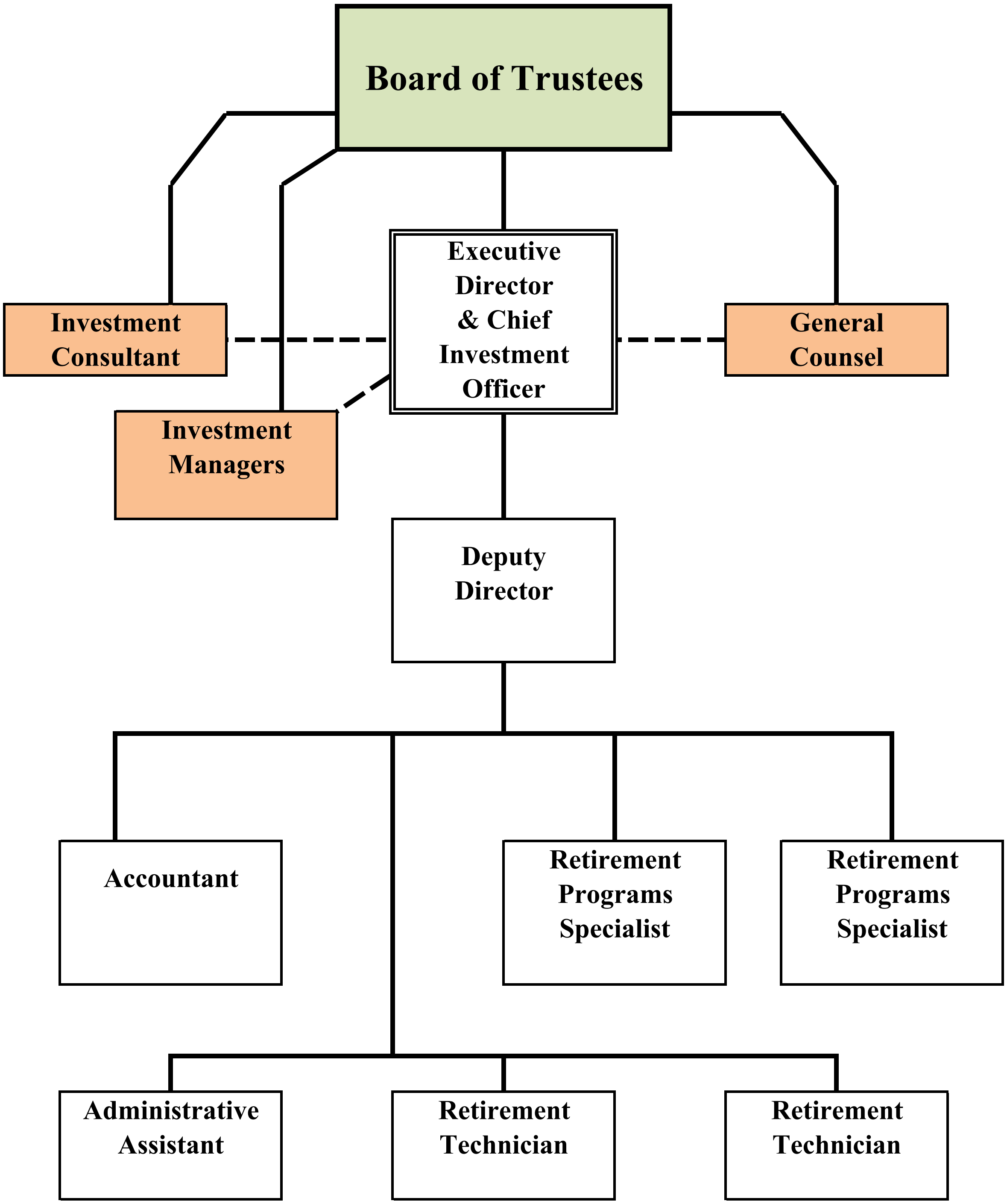
Taylor Dacus
Elected Member
Present term
expires 2022

Jeff Hamm
Appointed Member

Lisa Howe
Elected Member
Present term
expires 2021

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2020



Additional information regarding investments can be found in the Schedule of Management Fees and Commissions, located on pages 64 and 65 in the Investment Section.

Professional Consultants

As of December 31, 2020

Actuary

Paul Wood, ASA, FCA, MAAA
Gabriel, Roeder, Smith & Company

Legal Services

General Counsel
Chris Waddell
Olson Remcho LLP

Litigation
Alan Blakeboro
Reicker, Pfau, Pyle & McRoy LLP

Plan Qualification & Fiduciary Counsel
Don Wellington
Steptoe & Johnson, 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

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
TPG Sixth Street Partners

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

Cash Overlay
Parametric

Financial Section

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

BAKERSFIELD OFFICE
(MAIN OFFICE)
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE
10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE
1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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BROWN ARMSTRONG
Certified Public Accountants

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 Financial Statements

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, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2020, 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.

Other Matters

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, 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments to Consultants (other supplementary information) and the introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Report on Summarized Comparative Information

We have previously audited the Plan's December 31, 2019 financial statements, and our report dated June 22, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of December 31, 2019, is consistent in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, 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, 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 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 28, 2021

San Luis Obispo County
Pension Trust
SLOCPT

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SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

June 28, 2021

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, 2020. SLOCPT was established on November 1, 1958. Some ten years later, the San Luis Obispo County Board of Supervisors adopted the present By-Laws 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, 2020 was $1.566 billion. This represents an increase of $127 million or 8.8% from the year ended December 31, 2019. 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 2020 were $244.5 million, which includes member contributions and employer appropriations of $92.2 million and net investment income of $152.3 million. Comparatively, in 2019, additions to the Fiduciary Net Position were $275.7 million, which included member contributions and employer appropriations of $81.9 million and net investment income of $193.8 million. A decrease of $37 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, 2020, deductions from the Fiduciary Net Position totaled $117.2 million, consisting of $113.2 million in payments to Plan members and their beneficiaries and $4.0 million in administrative and other expenses. For the year ended December 31, 2019, deductions from the Fiduciary Net Position totaled $108.3 million, consisting of $104.6 million in payments to Plan members and their beneficiaries and $3.7 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, 2020, the date of the last actuarial valuation that was approved in June 2020, the funded ratio for the Plan was 65.3%. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 65.3 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. **Other Supplementary Information**

The **Statement of Fiduciary Net Position** is a snapshot of major account balances as of December 31, 2020. 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 **Other 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 employee contributions and through earnings in the investment portfolio (net of investment expense).

The Fiduciary Net Position restricted for pension benefits as of December 31, 2020 totaled $1.566 billion, an increase of $127 million from prior year-end. This increase was due primarily to a rebound from early-2020 unrealized losses as well as a steady increase in realized and unrealized income across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2020. During 2020, the rate of return on investments, as measured by SLOCPT's investment consultant, was 8.9% gross of fees.

In comparison, the Fiduciary Net Position restricted for pension benefits as of December 31, 2019 totaled $1.439 billion, an increase of $167 million from the prior year. This increase was due primarily to a rebound from late-2018 unrealized losses as well as a steady increase in realized and unrealized income across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2019. During 2019, the rate of return on investments, as measured by SLOCPT's investment consultant, was 16.3% gross of fees.

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

	2020	2019	Increase (Decrease)
Cash	$ 61,481,889	$ 46,396,399	$ 15,085,490
Investments at Fair Value	1,538,487,229	1,413,261,165	125,226,064
Securities Sold	1,171,266	981,205	190,061
Other Receivables and Other Assets	8,805,088	11,511,409	(2,706,321)
Total Assets	1,609,945,472	1,472,150,178	137,795,294
Total Liabilities	43,619,277	33,145,975	10,473,302
Net Increase in Fiduciary Net Position	127,321,992	167,384,119	(40,062,127)
Fiduciary Net Position, Beginning of Year	1,439,004,203	1,271,620,084	167,384,119
Fiduciary Net Position, End of Year	$ 1,566,326,195	$ 1,439,004,203	$ 127,321,992

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, 2020 totaled $244.5 million. Employer appropriations and Plan member contributions continue to increase.

Pensionable salaries for active members increased $18.0 million or 8.95% for the year ended December 31, 2020 when compared to those earned in 2019. This increase is due to additional hiring, prevailing wage adjustments, and a contribution rate increase, which is partially offset as Tier 1 members retire or terminate and are replaced with Tier 3 members who typically have lower member contribution rates but similar employer rates. 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, 2019 valuation, a contribution rate increase of 2.73% was implemented on January 1, 2020 for Superior Court of California and the Air Pollution Control District. For the remaining Plan participants, an increase of 2.68% in aggregate was implemented on July 1, 2020 with specific rate increases depending on bargaining unit. The increase in employer appropriations and member contributions experienced in 2020 was due to this contribution rate increase.

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

	Year Ended 2020	Year Ended 2019	Increase (Decrease)
Employer Appropriations	$ 56,305,770	$ 48,957,564	$ 7,348,206
Plan Member Contributions	35,888,642	32,983,211	2,905,431
Net Investment Income	152,250,551	193,721,648	(41,471,097)
Other Income	35,607	18,930	16,677
Total Additions	$ 244,480,570	$ 275,681,353	$ (31,200,783)
Total Deductions	117,158,578	108,297,234	8,861,344
Net Change in Fiduciary Net Position	$ 127,321,992	$ 167,384,119	$ (40,062,127)

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 2020, 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 2020	Year Ended 2019	Increase (Decrease)
Monthly Benefit Payments	$ 109,135,137	$ 101,220,652	$ 7,914,485
Refund of Contributions	3,167,517	3,291,865	(124,348)
Death Benefits	864,963	118,337	746,626
Administration and Actuarial	2,569,774	2,120,046	449,728
Prefunded Discount Amortization	1,421,187	1,546,334	(125,147)
Total Deductions	$ 117,158,578	$ 108,297,234	$ 8,861,344

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.

New Pension Accounting and Financial Reporting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement were effective immediately.

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, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 61,481,889	$ 46,396,399
Receivables		
Accrued Interest and Dividends Receivable	585,293	716,114
Accounts Receivable	25,130	24,701
Contributions Receivable	1,272,067	3,287,950
Securities Sold	1,171,266	981,205
Total Receivables	3,053,756	5,009,970
Investments, at Fair Value		
Bonds and Notes	268,620,994	265,883,323
International Fixed Income	153,501,562	148,271,810
Collateralized Mortgage Obligations	7,365,200	5,983,103
Domestic Equities	359,290,852	298,421,573
International Equities	370,824,211	323,757,992
Alternative Investments	172,467,326	165,992,908
Real Estate	206,417,084	204,950,456
Total Investments	1,538,487,229	1,413,261,165
Other Assets		
Prepaid Expenses	164,166	75,376
Capital Assets - Net of Accumulated Depreciation and Amortization	6,758,432	7,407,268
Total Other Assets	6,922,598	7,482,644
Total Assets	$ 1,609,945,472	$ 1,472,150,178
LIABILITIES		
Securities Purchased	$ 12,590,983	$ 3,432,132
Accrued Liabilities	1,265,982	1,740,469
Prefunded Contributions	29,762,312	27,973,374
Total Liabilities	$ 43,619,277	$ 33,145,975
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	**$ 1,566,326,195**	**$ 1,439,004,203**

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, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
ADDITIONS		
Contributions		
Employer Appropriations	$ 56,305,770	$ 48,957,564
Plan Member Contributions	35,888,642	32,983,211
Total Contributions	92,194,412	81,940,775
Investment Income		
Realized and Unrealized Gains and Losses, Net	144,465,689	181,520,905
Interest	3,405,925	4,450,180
Dividends	7,907,996	11,371,561
Real Estate Operating Income, Net	-	11,549
Investment Expenses	(3,529,059)	(3,632,547)
Net Investment Income	152,250,551	193,721,648
Other Income	35,607	18,930
Total Additions	244,480,570	275,681,353
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	109,135,137	101,220,652
Refund of Contributions	3,167,517	3,291,865
Death Benefits	864,963	118,337
Total Benefits	113,167,617	104,630,854
Other Deductions		
Administration and Actuarial	2,569,774	2,120,046
Prefunded Discount Amortization	1,421,187	1,546,334
Total Other Deductions	3,990,961	3,666,380
Total Deductions	117,158,578	108,297,234
Net Increase in Fiduciary Net Position	$ 127,321,992	$ 167,384,119
Fiduciary Net Position Restricted for Pension Benefits - Beginning of Year	$ 1,439,004,203	$ 1,271,620,084
Fiduciary Net Position Restricted for Pension Benefits - End of Year	**$ 1,566,326,195**	**$ 1,439,004,203**

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). Employee 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In September 2020, the Board approved an updated Investment Policy Statement (IPS) 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 September 28, 2020 and the 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%	-1.50%
Growth	Equities - Public Market	30%	3.23%
Growth	Real Assets	15%	5.13%
Growth	Private Markets	30%	5.42%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	-1.11%
		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.

Prefunded Contributions

In June 2020, for the seventh 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 employee 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 4.5%, 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.

Administrative Expenses

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.

<u>Implementation of New Accounting Standards</u>

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement were effective immediately.

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 By-Laws of the Plan.

NOTE 2 – PLAN DESCRIPTION (continued)

The Plan is part of those By-Laws. 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.

Membership

Active members are required to contribute to the Plan at rates currently ranging from 5.64% to 34.67% 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 22.93% to 42.59% 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, currently 6%, and accumulated for each individual active member until the member terminates employment.

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, 2020:

	2020
Retirees and Beneficiaries Currently Receiving Benefits	3,070
Terminated Employees Entitled to but not yet Receiving Benefits	573
Active Plan Participants	
Vested	1,702
Nonvested	1,045
Total	6,390

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.

NOTE 2 – <u>PLAN DESCRIPTION</u> (continued)

<u>Benefits</u>

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 most members at age 50 with five or more PTSCs. Tier 3 Miscellaneous members with at least five PTSCs are eligible to retire at age 52.

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 his/her passing, retirement option selection if applicable, and the status of eligible beneficiaries.

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

<u>Investment Stewardship</u>

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 established 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.

Investment Risk

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, 2020:

	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	$ 1,028,674	$ -	$ 1,519,989	$ 6,457,110	$ 9,005,773
Corporate Bonds	2,601,046	65,656,956	57,523,717	32,133,190	157,914,909
Derivatives	2,126,778	-	-	-	2,126,778
Municipal Bonds	586	5,651	35,745	2,892,025	2,934,007
US Government & Agencies	510,641	5,106,133	4,747,607	68,489,931	78,854,312
Foreign Corporate Bonds	367,660	39,128,208	8,644,957	12,599,118	60,739,943
Foreign Government Bonds	9,352,137	32,571,691	17,601,904	44,819,285	104,345,017
Other Short-Term Investments	13,567,017	-	-	-	13,567,017
Total	$ 29,554,539	$ 142,468,639	$ 90,073,919	$ 167,390,659	$429,487,756

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.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

At December 31, 2020, the carrying amount of the Plan's cash deposits was $61.482 million (which includes cash equivalents) and the bank balance was $54.121 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, $550 thousand was covered by the Federal Deposit Insurance Corporation, and $39.559 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, 2020, as rated by Standard & Poor's equivalent ratings:

	2020	
Quality Rating	%	Fair Value
AAA	1.70%	$ 7,289,250
AA+	12.38%	53,188,136
AA	6.34%	27,241,458
AA-	0.64%	2,745,603
A+	0.66%	2,814,973
A	5.52%	23,698,511
A-	1.76%	7,538,807
BBB+	5.70%	24,494,052
BBB	11.87%	50,994,480
BBB-	3.48%	14,929,227
Subtotal Investment Grade	50.05%	214,934,497
BB+	2.04%	8,760,014
BB	2.53%	10,856,458
BB-	3.33%	14,336,911
B+	2.45%	10,531,103
B	8.25%	35,453,130
B-	6.46%	27,739,119
CCC+	2.63%	11,296,213
CCC	0.67%	2,873,013
CCC-	0.05%	202,536
D	0.20%	840,061
Not Rated**	21.34%	91,664,701
Subtotal Non-Investment Grade	49.95%	214,553,259
Total Fixed Income and Short-Term Investments	100.00%	$ 429,487,756

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, 2020 was as follows:

Currency	Fair Value
British Pound	$ 55,404,236
Euro Currency	55,292,252
Swiss Franc	43,451,511
Japanese Yen	33,753,030
Hong Kong Dollar	20,388,841
South Korean Won	15,133,868
Mexican Peso	14,322,279
Australian Dollar	13,141,101
Norwegian Krone	12,959,889
Indian Rupee	10,197,960
Netherlands Antillean Guilder	9,089,643
Brazilian Real	9,046,255
Danish Krone	6,366,087
Swedish Krona	5,858,325
South African Rand	5,833,566
Russian Ruble	5,337,268
Polish Zloty	5,026,358
Chilean Peso	4,977,166
Czech Koruna	4,951,064
Malaysian Ringgit	4,556,442
Canadian Dollar	4,329,330
Chinese Yuan	3,675,125
Indonesian Rupiah	3,097,605
Thai Baht	1,980,067
Colombian Peso	1,357,546
Hungarian Forint	1,230,042
Singapore Dollar	1,204,825
Turkish Lira	997,534
Taiwan Dollar	907,531
Romanian Leu	765,026
Egyptian Pound	720,024
Uruguayan Peso	645,022
Peruvian Nuevo Sol	600,020
Philippine Peso	307,510
Israeli Sheqel	202,507
Dominican Peso	127,504
Ukrainian Hryvnia	97,503
	$ 357,331,862

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, 2020:

	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	$ 104,093,013	$ 164,527,981	$ -	$ 268,620,994
International Fixed Income	-	81,443,802	-	81,443,802
Collateralized Mortgage Obligations	-	7,365,200	-	7,365,200
Domestic Equities	68,609,790	290,681,062	-	359,290,852
International Equities	168,922,976	201,901,235	-	370,824,211
Real Estate	-	-	167,454,510	167,454,510
Total	$ 341,625,779	$ 745,919,280	$ 167,454,510	$ 1,254,999,569

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, 2020:

	Investments Measured at Net Asset Value (NAV)			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fund	$ 72,057,760	$ -	Quarterly	30 days
Private Real Estate Fund	38,962,574	-	Quarterly	30 days
Private Equity Funds	77,996,792	59,043,966	Not Eligible	Not Eligible
Private Credit Funds	94,470,534	107,099,310	Not Eligible	Not Eligible
Total	$ 283,487,660	$ 166,143,276		

Commingled Fund
This investment type consists of investments primarily in equity, debt, or real estate investments. As of December 31, 2020, 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, 2020, 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.

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:

NOTE 4 – INVESTMENTS (continued)

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.

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.

NOTE 4 – INVESTMENTS (continued)

The Investment Derivatives schedule below reports the fair value balances and notional amounts of derivatives outstanding as of December 31, 2020:

Derivative Type	Notional Amount	Fair Value
Forward Contracts	$ (1,166)	$ (1,166)
Swap Agreements	(28,328,447)	(17,818)
TBAs	11,474,985	11,474,985
	$ (16,854,628)	$ 11,456,001

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, 2020, the Plan had unfunded capital commitments totaling $166.143 million.

Annual Money-Weighted Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 10.57%. 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, 2020 were as follows:

	Beginning Balance January 1, 2020	Additions	Deletions	Ending Balance December 31, 2020
Office Equipment	$ 48,232	$ -	$ -	$ 48,232
Software	6,116,621	-	-	6,116,621
Land	668,150	-	-	668,150
Building	925,136	-	-	925,136
Accumulated Depreciation and Amortization	(350,871)	(648,836)	-	(999,707)
	$ 7,407,268	$ (648,836)	$ -	$ 6,758,432

Depreciation and amortization expenses for the year ended December 31, 2020 were $648,836.

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 (19 years as of December 31, 2020). Based on the recommendation of SLOCPT's Actuary from the January 1, 2020 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 $1.417 million.

In June 2020, the Board unanimously passed the recommendation of an increase of 3.60% to the total contribution rate as recommended by the Actuary in the January 1, 2020 Actuarial Valuation. The increased total contribution rate took into consideration continuing with the remaining 20 years of the 30-year amortization for unfunded liabilities that was reset in 2010 to 30 years 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, 2021. The increase was adjusted to an average of 4.13% to account for the deferred implementation. The Air Pollution Control District implemented increased rates as of January 1, 2021.

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

NOTE 7 – NET PENSION LIABILITY

The components of Net Pension Liability of the Plan as of December 31, 2020 were as follows:

Total Pension Liability	$ 2,247,011,774
Plan Fiduciary Net Position	(1,566,326,195)
Employers' Net Pension Liability	$ 680,685,579

Plan Fiduciary Net Position as a percentage of Total Pension Liability was 69.71% as of December 31, 2020.

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, 2020 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	2.25 percent
Salary Increases	2.75 percent, including inflation, additional merit component applicable to first 7 years of service
Investment rate of return	6.875 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-2019. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2019.

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, 2020 (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%	0.75%
Growth	Equities - Public Market	30%	5.48%
Growth	Real Assets	15%	7.38%
Growth	Private Markets	30%	7.67%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	1.14%
		100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.875%. 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 6.875%, 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 (5.875%) or one percentage-point higher (7.875%) than the current rate:

Employers' Net Pension Liability as of December 31, 2020	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
	$ 990,101,705	$ 680,685,579	$ 427,590,044

NOTE 8 – LITIGATION

The Plan is subject to legal proceedings and claims in the ordinary course of its business. As of December 31, 2020, 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.

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 28, 2021, 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*	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 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	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	11,871,198	3,836,848	31,926,880	(1,367,931)	5,485,265	9,771,252	-
Assumption Changes	53,371,279	-	8,507,420	-	62,845,241	-	-
Benefit Payments and Refunds	(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	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	2,105,592,650	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)	$ 2,247,011,774	$ 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	$ 56,305,770	$ 48,957,564	$ 46,243,596	$ 42,340,904	$ 35,451,409	$ 33,618,330	$ 32,046,545
Employee Contributions	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)	152,286,158	193,721,648	(50,033,056)	178,639,524	68,949,306	(16,705,852)	51,667,160
Benefit Payments	(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	(2,569,774)	(2,120,046)	(1,972,465)	(2,045,367)	(2,248,956)	(2,528,532)	(2,084,841)
Other**	(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	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	1,439,004,203	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)	$ 1,566,326,195	$ 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)	**$ 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	69.71%	68.34%	62.76%	70.36%	64.59%	67.57%	73.53%
Covered Payroll* **	$ 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	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.*

*** December 31, 2019 Other does not agree to Other Expenses reported in the Basic Financial Statements due to Other Income being netted with Other Expenses.*

**** 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
2011	$ 30,435,940	$ 30,435,940	$ -	$ 161,783,273	18.81%
2012	$ 30,942,038	$ 30,942,038	$ -	$ 161,054,639	19.21%
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%

** 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, 2020
Notes	Actuarially determined contribution rates are calculated as of January 1, 2020. 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 20-year period from January 1, 2020 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	6.875%
Inflation Rate Assumption	2.25% per year
Salary Increases	2.75% Composed of 2.25% 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 - 2.50% Tiers 2 & 3 - 2.00% (limit)
Retirement Age	Experience-based table for rates based on age and service. Adopted by the Board in 2020 in conjunction with the five-year experience study for the period ending December 31, 2019.
Mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 99% multiplier Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 101% multiplier

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
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.*

OTHER SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
Personnel Services		
Salaries and Benefits	$ 1,169,527	$ 1,076,101
Total Personnel Services	1,169,527	1,076,101
Office Expenses		
Office Supplies	27,988	18,157
Postage	32,194	28,826
Telephone	2,661	1,538
Utilities	10,079	7,859
Total Office Expenses	72,922	56,380
Professional Services		
Accounting and Auditing	59,800	58,489
Actuarial	106,633	81,789
Data Processing	113,567	115,342
Legal	182,119	192,937
Medical	14,275	23,878
Human Resources Consulting	7,500	5,000
Other	8,214	7,749
Bank Charges	12,986	11,975
Total Professional Services	505,094	497,159
Other Administrative Expenses		
Maintenance and Custodial	15,008	19,805
Insurance	127,327	116,692
Memberships, Subscriptions, and Publications	5,118	6,372
Printing and Reprographics	15,487	20,944
Transportation, Travel, and Education	9,605	18,197
Miscellaneous Administrative Expenses	850	89
Total Other Administrative Expenses	173,395	182,099
Depreciation and Amortization	648,836	308,307
TOTAL ADMINISTRATIVE EXPENSES	$ 2,569,774	$ 2,120,046

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
Investment Manager Fees	$ 3,005,350	$ 3,081,339
Custody Fees	228,274	190,586
Investment Consultant	295,344	296,346
Other Investment Expenses	91	64,276
TOTAL INVESTMENT EXPENSES	$ 3,529,059	$ 3,632,547

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
Accounting and Auditing Services	$ 59,800	$ 58,489
Actuarial Services	106,633	81,789
Data Processing Services	113,567	115,342
Legal Services	182,119	192,937
Disability Medical Services	14,275	23,878
Human Resources Services	7,500	5,000
Payroll Processing Services	6,696	6,235
TOTAL PAYMENTS TO CONSULTANTS	$ 490,590	$ 483,670

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

May 7, 2021

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") and provide this investment review for the year ending December 31, 2020.

Capital Markets Review

2020 summary

The 2020 market environment proved to be an exceedingly challenging one for investors, given the global pandemic and its associated uncertainties. The main market drivers, unsurprisingly, were the assessments of the infectiousness and virulence of the coronavirus, the size and scope of policy responses assembled to address the pandemic, and the news flow relating to vaccine development. In March and April, the global economy experienced an exceptionally sudden slowdown. Governments around the world passed a number of fiscal support measures which provided aid for small businesses and specific sectors of the economy, direct payments to individuals, support for state and local governments, forbearance and other mortgage relief, and other funding for research and containment of the pandemic. Central banks quickly cut key rates and set up asset purchase programs to help ensure the continued flow of credit and properly functioning financial markets. In the fourth quarter, Pfizer and BioNTech, Moderna, AstraZeneca and the University of Oxford, and a number of other cooperatives managed to develop effective vaccines much more quickly than anticipated. The magnitude of the fiscal and monetary responses, paired with the faster-than-expected vaccine development created a favorable environment for a recovery in financial asset prices.

U.S. Equity

While economic growth and equity market performance have historically exhibited a positive relationship, there have been many periods throughout history when the two have diverged materially. This past year was without a doubt one of those periods—real gross domestic product shrunk -2.5% in 2020, while the S&P 500 Index delivered a total return of 18.4%. Between the beginning of the year and the February 19th pre-pandemic peak, the S&P 500 returned 5.1%. The Index proceeded to plunge -33.8% by March 23rd, and then surge +70.2% by the end of the year. The resilience of the S&P 500 Index can be largely attributed to unprecedented fiscal support, continued low interest rates and accommodative monetary policy, positive vaccine developments, and the relatively high weight of technology companies within the index, which were more insulated and, in some cases, even benefited from the impacts of the pandemic.

Large-capitalization firms performed well throughout the year (Russell 1000 Index +21.0%) and tended to perform better on worsening COVID-19 related news flow, as many believed a more prolonged pandemic improved the present value of future cash flows of large tech firms. As a result, the tech sector benefitted from a somewhat defensive rotation. Small-cap stocks were hit hard in Q1 and Q2, specifically in the energy, financial, and industrial sectors, but bounced back aggressively in the second half of the year as markets began to look beyond the pandemic to economic recovery. In the fourth quarter alone, the Russell 2000 Index returned +31.4%, bringing its 2020 return (+20.0%) to just 1.0% behind the large-cap benchmark.

International equity

While Global Equities returned 16.3% in U.S. dollar terms over the course of the year, International Developed Market Equities (MSCI EAFE USD +7.8%) underperformed the global opportunity set, as strong returns in the Netherlands (+24.1%) and Japan (+14.5%) were unable to counteract poor performance within Europe (+5.4%) and the U.K. (-10.5%). The United Kingdom posted the poorest performance in U.S. dollar terms, as uncertainty surrounding Brexit negotiations with the European Union added further headwinds to the already challenging environment.

The policy response to pandemic-related disruptions varied widely across the international equity complex. Japan's response was widely viewed as one of the most aggressive, featuring strict and expeditious social distancing curbs, as well as fiscal stimulus amounting to over 40% of GDP. The experience in Europe was more fractured. While at first it appeared the initial broad lockdowns had succeeded in slowing the virus, relaxation of intra-European travel during the third quarter preceded a second wave in the fourth quarter that dwarfed the initial wave. This brought with it a second series of lockdowns in many countries across the continent.

European Union fiscal and monetary authorities were unable to provide the level of support seen in the U.S., U.K., and Japan, due in part to material differences of opinion between member states on how aggressive the policy response should have been, and in part due to conditions policymakers in Brussels sought to attach to proposed support packages. The European Commission eventually landed on a pandemic recovery fund sized at €750 billion ($885 billion), comprised of both grants and loans. The European Central Bank had little appetite for cutting rates further into negative territory, leaving its deposit rate at -0.50% and pursuing an aggressive asset purchase program. In March, the ECB established a temporary Pandemic Emergency Purchase Program (PEPP) with a capacity of €750 billion, which was eventually expanded to €1.35 trillion in June and then to €1.85 trillion by December. In the U.K., the Bank of England cut its main rate from 0.75% to 0.10% in March and expanded the target for its quantitative easing program from £645 billion in May to £895 billion by year-end.

Emerging market equities (MSCI EM USD +18.3%) kept pace with large-cap U.S. equities, and outpaced the international developed equity complex despite headwinds from currency movements.

Dispersion within the universe was wide in U.S. dollar terms. The Asian segment of the MSCI Emerging Markets Index returned +28.4%, while the Latin American segment delivered a -13.8% loss. Sector allocations played a role in the divergence, as tech-heavy Asian indices benefitted from pandemic dynamics and also from lower interest rates, which boosted the present value of companies viewed as higher-duration. The Latin American universe, which tends to have a higher concentration of "old-economy" companies, fared worse as energy prices dove and exports plummeted. Additionally, Asian currencies exhibited much lower volatility relative to the U.S. dollar, compared to Latin American currencies. Unhedged U.S. investors in EM Asia experienced returns of +28.4% (+25.5% in local terms) while unhedged U.S. investors in EM Latin America generated returns of -13.8% (+2.3% in local terms). Korean (+44.6%), Taiwanese (+41.0%) and Chinese (+29.5%) equities were the primary drivers of Asian outperformance, supported by rallies of 6.1%, 6.6%, and 6.7% in the Korean won, Taiwanese dollar, and onshore Chinese renminbi, respectively, relative to the U.S. dollar.

Fixed income

Concerns over the pandemic led central banks around the globe to cut short-term rates to record lows, and longer-term interest rates fell dramatically as well, pushed lower by quantitative easing programs and broad risk-off sentiment. By year-end, the U.S. dollar value of global negative-yielding debt had risen from $11.2 trillion to a new all-time-high level of $17.8 trillion.

The plunge in global interest rates resulted in strong performance for Global Treasuries (+9.5%) in U.S. dollar terms. Within the United States, the 10-year U.S. Treasury yield fell from 1.92% to as low as 0.54%, before eventually recovering to 0.91% by the end of the year. The Bloomberg Barclays U.S. Treasury Index returned 8.0% over the year, and long-duration Treasuries fared even better (+17.7%). Treasury inflation-protected securities (+11.0%) generated strong performance over the year, as extensive fiscal accommodation stoked speculation for higher growth and inflation in a potential post-pandemic world. The ten-year breakeven inflation rate dove from around 1.8% to as low as 0.6%, and then recovered to 2.0% by the end of the year. While priced inflation did pick up substantially following the market turbulence in Q1, the impressive rise in TIPS breakeven inflation rates may be due to government intervention, as the Fed increased its TIPS holdings from 8% of the market to around 20%.

Within the credit space, riskier credit underperformed safer credit. Core fixed income returned +7.5%, roughly in-line with core-plus fixed income (+7.6%) and high-yield credit (+7.1%), while leveraged loans (+3.1%) underperformed. The option-adjusted spread of the Bloomberg Barclays High Yield Index spiked from around 3.5% to 11.0% in mid-March, as spreads in the energy sector surged from 7.8% to 23.1%. By year-end, however, high-yield credit spreads in the energy sector had fallen back to 5.6%, and broad high yield spreads had compressed to 3.5% — just 10 basis points above their level from the beginning of the year.

Emerging market debt underperformed risky U.S. credit over the full year, but this performance gap began to narrow in the fourth quarter. Hard-currency denominated emerging market debt (J.P. Morgan EMBI Global Diversified +5.3%) outperformed local-currency debt (J.P. Morgan GBI-EM

Global Diversified +2.7%), as emerging market currencies broadly depreciated relative to the U.S. dollar.

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.

In conjunction with strong investment year-end returns across most asset classes, the Plan earned 8.9% in 2020 before expenses and investment management fees. While the rate of return exceeded the actuarial discount rate for the year, performance lagged the total fund benchmark of +10% and the median peer in the public plan universe of +12.5%. Underperformance relative to the benchmark was largely due to relative performance from the Plan's U.S. Equity managers, each of whom underperformed their benchmarks for the year despite strong longer-term results. Positive contribution came from International Equity and Domestic Fixed Income allocations, each of which handily beating their benchmarks (19.4% vs 11.1% and 8.1% vs 7.5%, respectively). However, this positive contribution was outweighed by the domestic equity performance described above. The Plan's conservative posture in the strong upwardly trending market that began in May was an additional contributing factor that led to underperformance relative to peers.

Policy Adjustments

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

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" 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.

Recent Developments

By the end of the first quarter of 2021, the U.S. economy had recovered the economic activity lost in in the prior year due to coronavirus, and further economic expansion is expected. As we look to the future, we anticipate a gradual shift to the newly-approved target allocation, as the private markets program becomes fully invested. As this shift occurs, it is important to note the Plan's portfolio is constructed with a risk profile designed to capture much of the upside in strong upwardly trending markets while also providing protection during market corrections. In addition, the Board has put in place investment strategies to take advantage of investment opportunities during periods of elevated market volatility and improve long-term performance. In this environment, and given these circumstances, the investment portfolio is well-positioned to benefit from the continuing economic recovery and to withstand any bumps in the road along the way.

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,

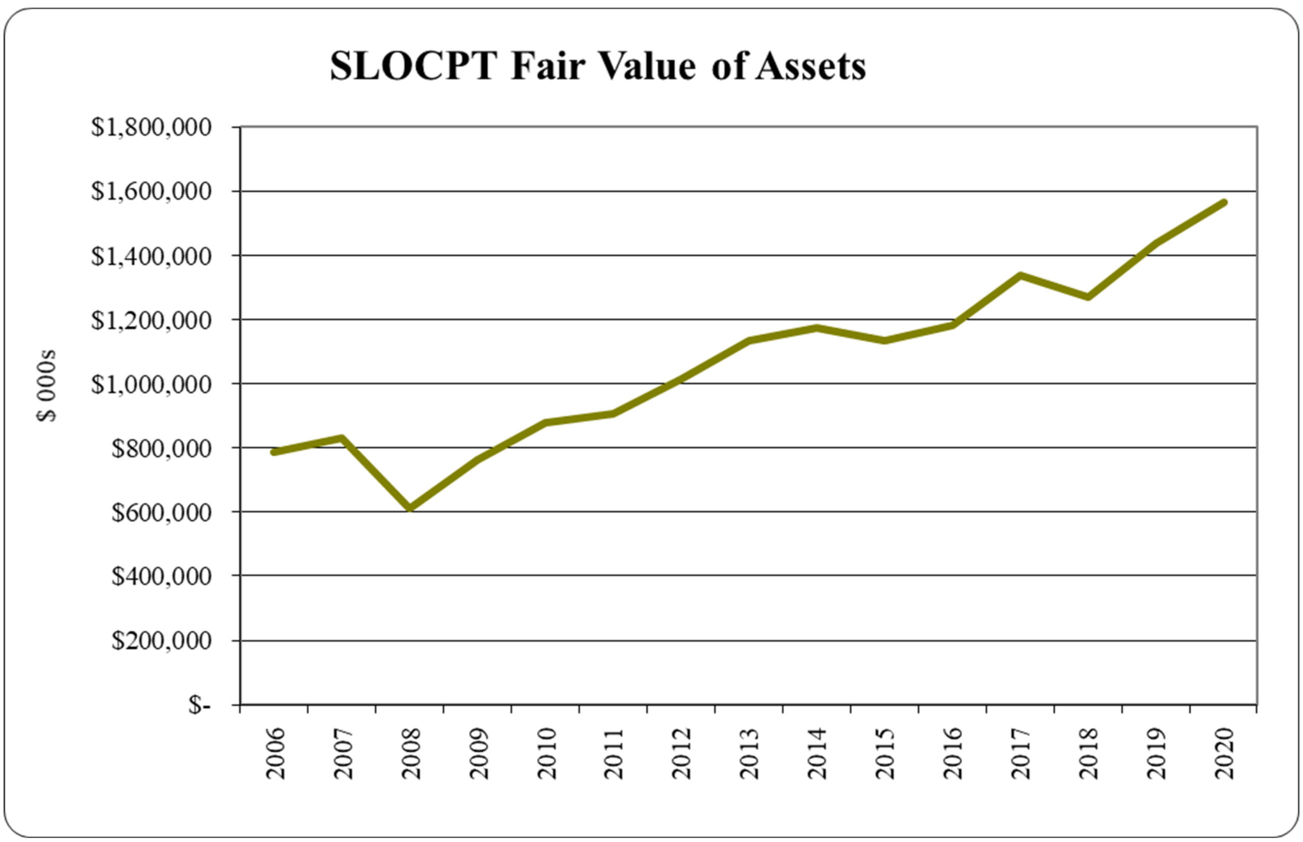
Scott J. Whalen, CFA, CAIA
Executive Managing Director and Senior Consultant

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 September 28, 2020):

Strategic Asset Allocation Policy Adopted Policy Sep. 28, 2020		TARGET	Limits Min.	 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%	TBD
GROWTH					
Total Growth Allocation	(b)	**75%**	25%	95%	Policy mix composite
Equities - Public Market		30%	15%	85%	Russell 3000
US Large Cap Growth/Value	TBD				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 - Govt. / IG Credit	(c)				BC Aggregate Bond
Intl. Sovereign / IG Credit					Citi World Govt. Bond
Global Aggregate					
HY below IG Credit					
Bank Loans					
Emerging Market Debt (hard currency)					
Emerging Market Debt (local currency)					
Real Assets		15%	10%	30%	Policy mix composite
Real Estate - Core		5%	5%	15%	NCREIF
Real Estate Value Add		5%	0%	15%	NCREIF
Real Estate - Global					
Commodities					
Infrastructure - Global		5%	0%	15%	TBD

Strategic Asset Allocation Policy Adopted Policy Sep. 28, 2020		TARGET	Limits Min.	 Max.	Performance Benchmark
Private Markets		30%	5%	45%	Russell 3000 + 3%
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 - Long Duration		8%	4%	15%	TBD
US Treasury - Inflation Protected - TIPS		7%	3%	15%	TBD
TOTAL		**100%**			**Total Fund Policy mix**

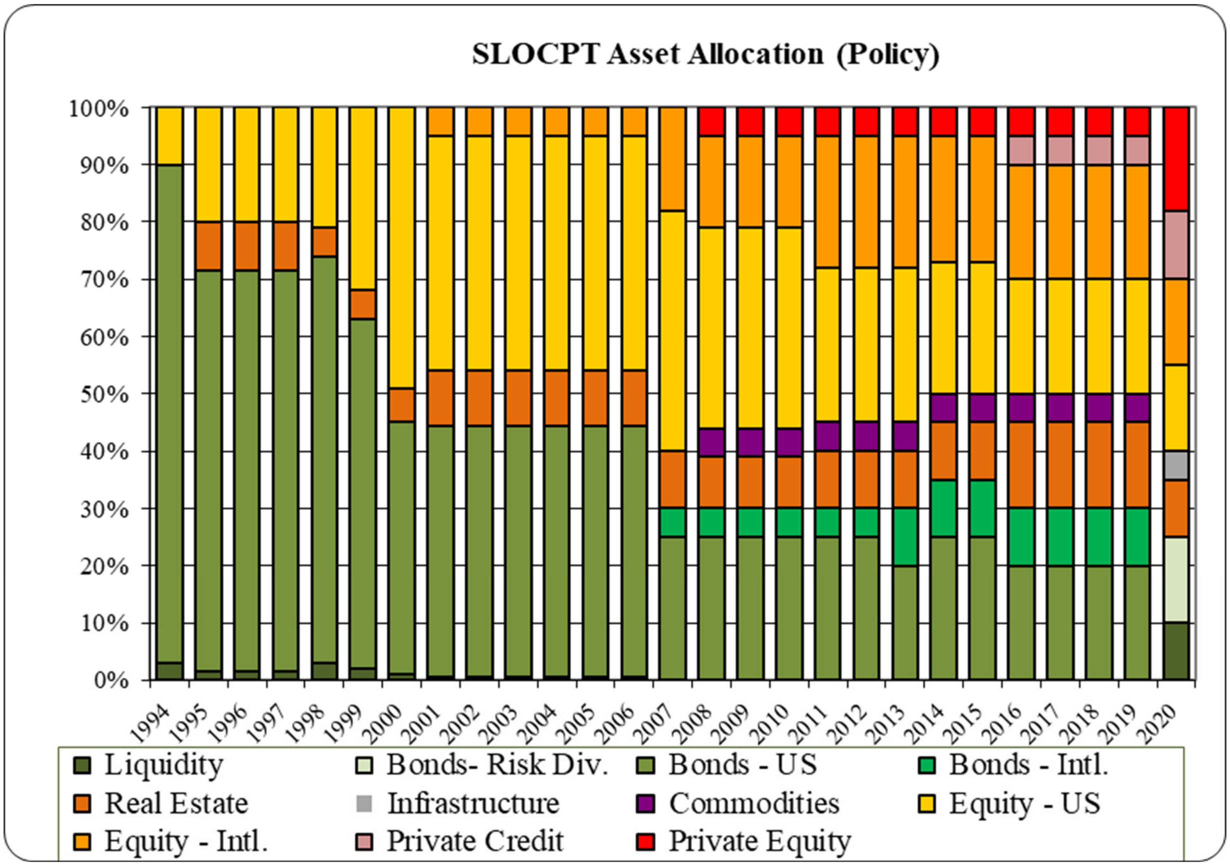
(a) **Liquidity target ~ 1.3 yrs gross pension benefits - currently ~$140m ~10%**

(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 or Direct LP program

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

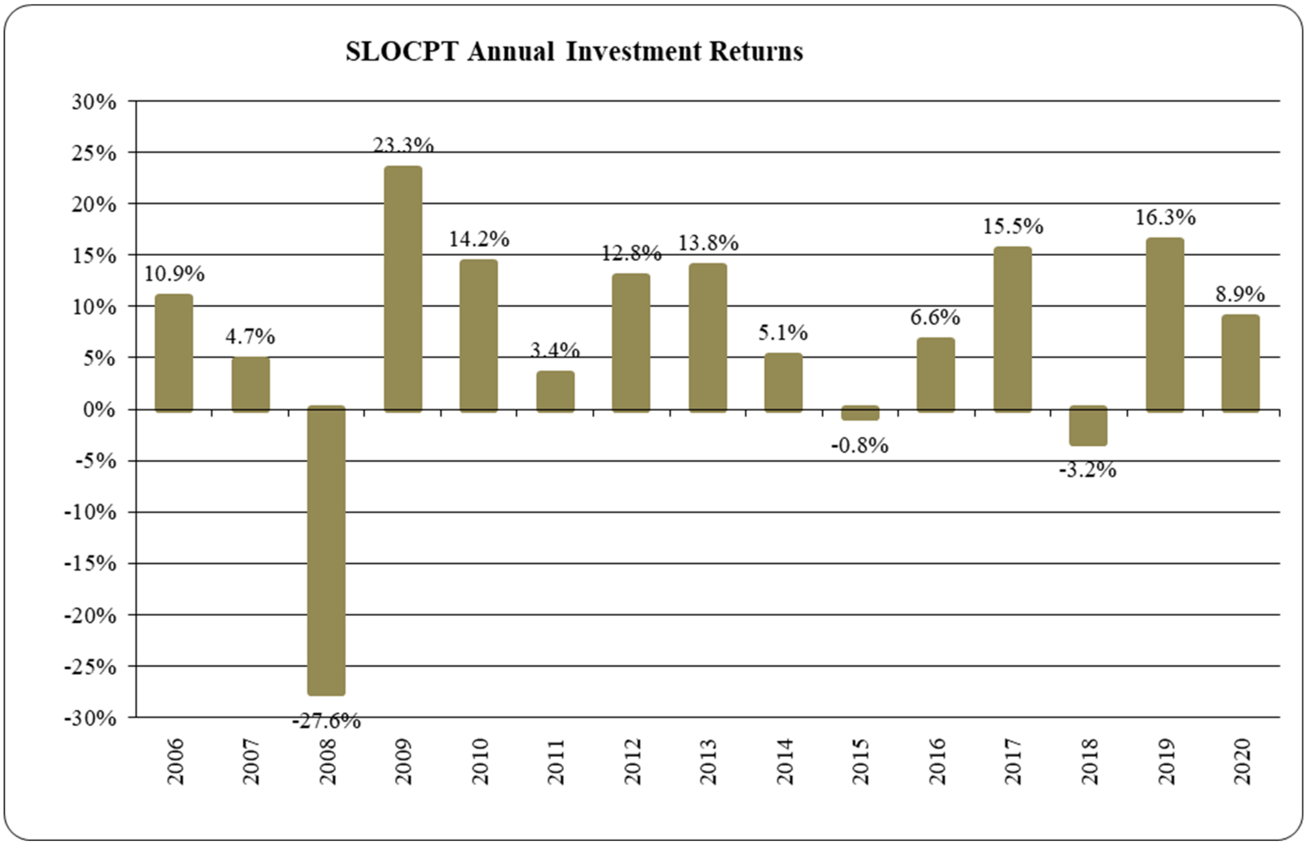


SLOCPT employs multiple investment managers in different asset classes and with different styles of investing. Combined with strict limitations in the Investment Policy on the maximum exposure to individual investments and with regular rebalancing of the asset mix the diversification level of the investments 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 2020, SLOCPT achieved a rate of return of 8.9% 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:

	2016	2017	2018	2019	2020
SLOCPT Total Returns	6.6%	15.5%	-3.2%	16.3%	8.9%

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	8.9%	7.1%	8.6%	7.7%	6.2%

Source: Verus 4th Quarter 2020 report and Pension Trust records for pre-2006 returns

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2020

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	4.4%	6.9%	10.6%	11/2007
Index: S&P 500		*18.4%*	*14.2%*	*15.2%*	
Loomis Sayles Large Cap Growth	g	32.8%	20.1%	*< 5 yrs*	12/2016
Index: Russell 1000 Growth		*38.5%*	*23.0%*		
Boston Partners Large Cap Value	g	2.4%	5.2%	*< 5 yrs*	02/2017
Index: Russell 1000 Value		*2.8%*	*6.1%*		
Atlanta Capital	g	11.4%	12.9%	15.4%	08/2010
Index: Russell 2500		*20.0%*	*11.3%*	*13.6%*	
International Equities					
Dodge & Cox	g	2.8%	1.6%	7.3%	12/2007
Index: MSCI EAFE		*-0.2%*	*0.2%*	*6.3%*	
WCM International Growth	g	34.0%	19.6%		02/2017
Index: MSCI ACWI ex US		*22.6%*	*10.4%*		
Domestic Fixed Income					
BlackRock Core Bond	g	9.4%	6.6%	*< 5 yrs*	01/2017
Dodge & Cox Income Fund	g	9.9%	6.6%	*< 5 yrs*	01/2017
Index: BBgBarc US Aggregate TR		*7.5%*	*5.3%*		
PAM Bank Loan Fund	g	3.0%	4.3%	5.4%	9/2014
Index: S&P/LSTA Leveraged Loan Index		*3.1%*	*4.0%*	*5.2%*	
International Fixed Income					
Brandywine	g	*< 1 yr*			06/2020
Index: FTSE WGBI ex US TR					
Ashmore Emerging Markets	g	3.2%	*< 3 yrs*		03/2019
Index: JPM EMBI GD/GBI EM DV		*3.9%*			
Real Estate					
ARA American Strategic Value Realty Fund	g	3.8%	6.7%	*< 5 yrs*	06/2016
JP Morgan Strategic Properties Fund	g	0.5%	3.6%	5.0%	03/2008
Index: NCREIF Property		*1.6%*	*4.9%*	*5.9%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2020

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
Pathway Private Equity Fund 9					04/2017
Pathway Private Equity Fund 10					02/2020
Combined Private Equity	g	6.6%	10.7%	13.4%	
Index: Russell 3000 + 300BP					
Private Credit					
TSSP Diversified Credit Programs					11/2016
TSSP TAO Contingent Fund					04/2020
Combined Private Credit	g	-1.7%	5.6%		
Index: BBgBarc High Yield + 200BP					
Opportunistic					
KKR Mezzanine Debt Fund I	g	-27.4%	-4.1%	1.1%	04/2011
Index: Russell 3000 + 300BP		*24.5%*	*17.9%*	*18.9%*	
Cash Account					
Treasury Pool		1.9%	1.9%	1.4%	
Index: 91 day T-Bills		*0.5%*	*1.5%*	*1.1%*	
TOTAL FUND (including Parametric Cash Overlay)					
Total Fund		**8.9%**	**7.1%**	**8.6%**	
Index: Policy Index at 12/31/20: *20% Russell 3000* *20% MSCI ACWI ex. US* *30% BC Aggregate Bond* *15% NCREIF* *5% DJ UBS Commodities* *10% Russell 3000+300BP*		*10.0%*	*7.5%*	*8.7%*	

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, 2020; 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, 2020 (Dollars in Thousands)

Management Fees	2020 Fees		Year-End Assets Under Mgmt.		Fees as % of Year-End Assets (a)
Domestic Equity					
PIMCO RAE Fundamental	*N/A*	(d)	$ 81,516		
Loomis Sayles	$ 404		109,850		0.37%
Boston Partners	*N/A*	(d)	99,315		
Atlanta Capital	459		68,610		0.67%
Total Domestic Equity	863		359,291		
International Equity					
Dodge & Cox (mutual fund)	*N/A*	(d)	168,923		
WCM International (mutual fund)	*N/A*	(d)	201,901		
Total International Equity	-		370,824		
Domestic Fixed Income					
BlackRock Core Bond	287		103,321		0.28%
Dodge & Cox Income Fund	*N/A*	(d)	104,093		
PAM Bank Loan Fund	*N/A*	(d)	75,013		
Total Domestic Fixed Income	287		282,427		
International and Global Fixed Income					
Brandywine	202		72,058		0.28%
Ashmore Emerging Markets	*N/A*	(d)	75,003		
Total International and Global Fixed Income	202		147,061		
Real Estate					
ARA American Strategic Value Realty Fund	*N/A*	(d)	38,962		
JP Morgan Strategic Properties Fund	1,474		167,455		0.88%
Total Real Estate	1,474		206,417		
Private Equity/Credit					
HarbourVest Fund IX (buyout)	*N/A*	(d)	15,064		
HarbourVest 2018 Global Fund	*N/A*	(d)	12,404		
Pathway Private Equity Fund 9	*N/A*	(d)	48,167		
Pathway Private Equity Fund 10	*N/A*	(d)	2,362		
TSSP Diversified Credit Programs	124		72,946		0.17%
TSSP TAO Contingent Fund	*N/A*	(d)	16,729		
KKR Mezzanine Debt Fund I	38		4,795		0.79%
Total Private Equity/Credit	162		172,467		
Cash Overlay					
Parametric	17		-	(b)	*N/A*
Total Management Fees	$ 3,005				

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

For the Year Ended December 31, 2020 (Dollars in Thousands)

Other Investment Expenses	2020 Fees	Year-End Assets Under Mgmt.	Fees as % of Year-End Assets
Custodian Fees	228		0.01%
Investment Consultant	295		0.02%
Other Investment Expenses	1		0.00%
Total Other Investment Expenses	524		0.03%
TOTAL INVESTMENT EXPENSES AND ASSETS UNDER MANAGEMENT	**$ 3,529**	**$ 1,538,487**	**0.23%**

Broker Commissions	Commissions Fees	
Broker Commissions	$ 20	(c)
Broker Fees	-	
Total Broker Commissions	**$ 20**	

(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) Parametric Cash Overlay strategy has all of its underlying assets held in the "Cash" portion of the Fiduciary Net Position and is not reflected in "Investments" as presented in this schedule.

(c) Included 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.

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

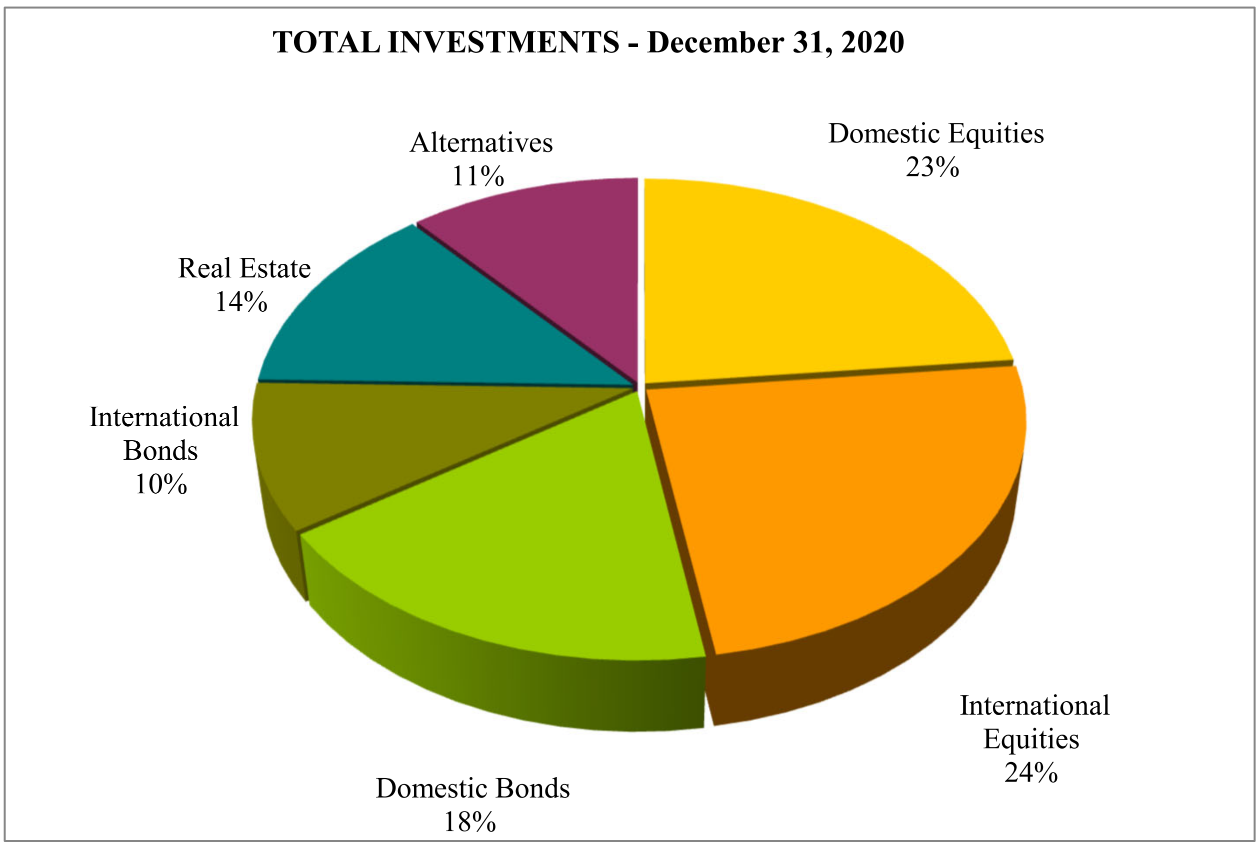
Investment managers are instructed to seek best execution and to seek to minimize commission and market impact costs when trading securities.

San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2020 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 359,291	23.35%
International Equities	370,824	24.10%
Fixed Income		
Domestic Bonds, Mortgages, Notes	275,986	17.94%
International Bonds	153,502	9.98%
Real Estate	206,417	13.42%
Alternatives	172,467	11.21%
TOTAL INVESTMENTS	$ 1,538,487	100.00%



San Luis Obispo County Pension Trust

Schedule of Largest Stock and Bond Holdings

As of December 31, 2020 By Fair Value

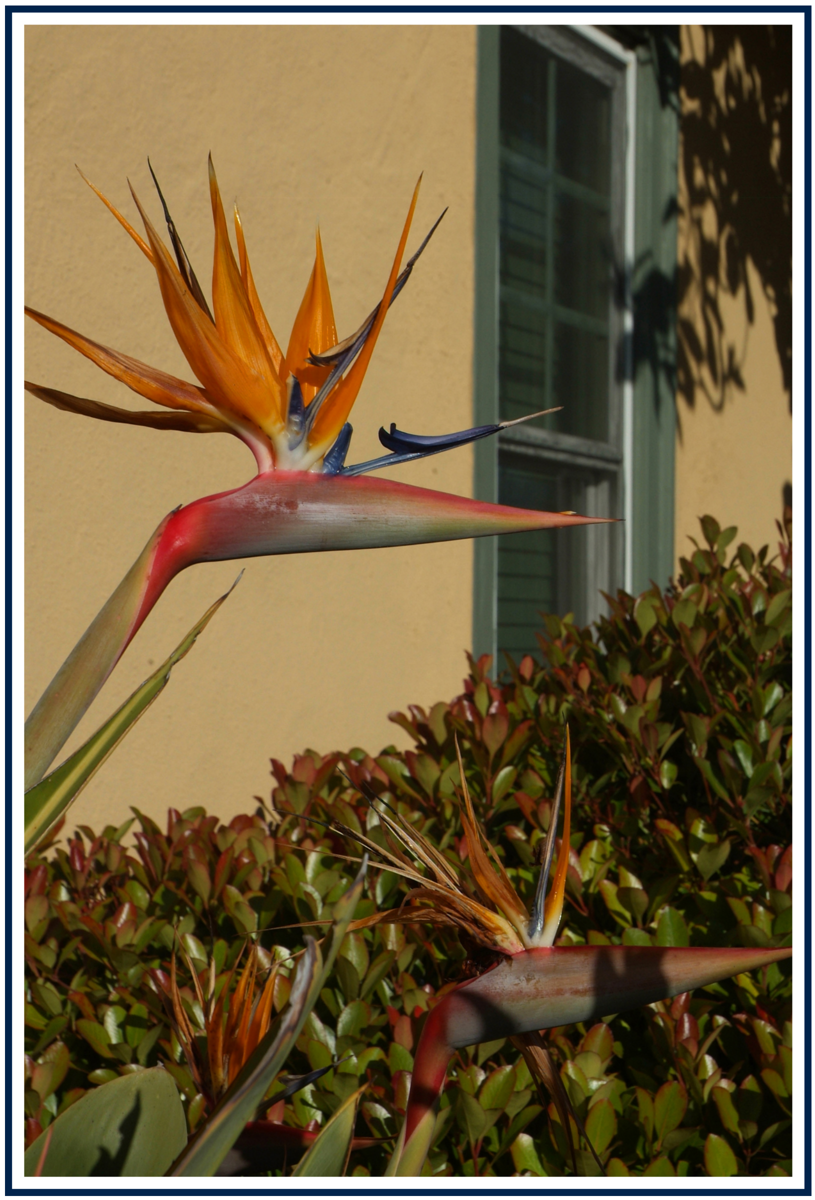
	Largest Stock Holdings	Shares	Fair Value
1	WR BERKLEY CORP COMMON STOCK USD 0.2	44,144	$ 2,932,044
2	ARAMARK COMMON STOCK USD 0.01	74,139	2,852,869
3	TERMINIX GLOBAL HOLDINGS INC	51,352	2,619,466
4	CARLISLE COS INC COMMON STOCK USD 1	16,743	2,614,922
5	WEX INC COMMON STOCK USD 0.01	12,769	2,598,875
6	JB HUNT TRANSPORT SERVICES INC COMMON STOCK USD 0.01	16,244	2,219,743
7	APTARGROUP INC COMMON STOCK USD 0.01	14,891	2,038,429
8	ENVISTA HOLDINGS CORP COMMON STOCK USD 0.01	59,091	1,993,139
9	GARTNER INC COMMON SOTCK USD 0.0005	10,682	1,711,150
10	IAA INC COMMON STOCK USD 0.01	25,960	1,686,881
	Total of 10 Largest Stock Holdings		$ 23,267,518

	Largest Bond Holdings	Par Value	Fair Value
1	TBA UMBS SINGLE FAMILY 30YR 2 1/21 2.00%	$ 3,928,280	$ 3,947,402
2	CONNECTICUT AVENUE SECURITIES TRUST 2019-R01 07/25/2031	2,173,935	2,136,567
3	TBA UMBS SINGLE FAMILY 30YR 2 2/21 2.00%	1,500,071	1,503,708
4	UMBS MORTPASS 4% 01/NOV/2041	1,308,843	1,296,317
5	UMBS MORTPASS 3% 01/AUG/2050	1,162,756	1,230,369
6	TBA UMBS SINGLE FAMILY 15YR 3 1/20 3.00%	929,999	930,853
7	TBA UMBS SINGLE FAMILY 30YR 3 1/20 3.00%	863,589	865,425
8	FHLMCGLD MORTPASS 4.5% 01/SEP/2046	795,164	816,752
9	UMBS MORTPASS 2.5% 01/DEC/2050	766,091	772,088
10	FHLMCGLD MORTPASS 3.5% 01/DEC/2046	706,757	757,892
	Total of 10 Largest Bond Holdings		$ 14,257,373

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, 2020.

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 the Pension Trust's consultants and staff.

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2020 valuation. It is based on member data and financial results through December 31, 2019. SLOCPT's actuary through December 31, 2020, Gabriel Roeder Smith & Company (GRS), completed this annual valuation during 2020. The most recent Biennial Actuarial Experience Study was completed by GRS as of December 31, 2019. Results of this Biennial Actuarial Experience Study were used in developing the assumptions used in the January 1, 2020 Annual Actuarial Valuation.

The Annual Actuarial Valuation as of January 1, 2020 including actuarial assumptions was approved by the Board on June 22, 2020.

The Annual Actuarial Valuation as of January 1, 2021, based on data through December 31, 2020, is in the process of being developed at the time of the publication of this ACFR.

P: 720.274.7270 | www.grsconsulting.com

April 12, 2021

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

Members of the Board:

Submitted in this report are the results of the regular Actuarial Valuation as of January 1, 2020 of the San Luis Obispo County Pension Trust (SLOCPT). The valuation is performed annually and is intended to provide a measure of the funding status of the pension trust. This valuation provides information relative to the employer appropriation rates as of January 1, 2020.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the SLOCPT and meet the parameters required by GASB Statement Nos. 67 and 68. In addition, the assumptions and methods used for funding purposes meet the requirements set by the Actuarial Standards of Practice (ASOPs). To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The actuaries signing the report are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Financial Objectives and Funding Policy

The funding objective of the Pension Trust is to establish and receive contributions, expressed as a percent of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens. In the January 1, 2020 valuation, the Trust’s funded status decreased from 67.1% to 65.3%. The total actuarially determined contribution is 47.92% as of January 1, 2020, compared to total charged rates of 44.32%.

The Board of Trustees has assumed the responsibility for establishing and maintaining the written Funding Policy. It is the policy of the Board to make recommendations regarding rate changes based on the actuarially determined rate of the Trust. This rate is based on the valuation results as of each annual actuarial valuation, with any determined rate change effective in the future, and with the rate change adjusted for any delay past the valuation date. The actuarially determined contribution is based on a normal cost derived from the entry age normal funding method, and a closed amortization period of 30 years, with 20 years remaining as of January 1, 2020.

7900 East Union Avenue | Suite 650 | Denver, Colorado 80237-2746

Demographic Data and Asset Information

The member statistical data on which the valuation was based was furnished by the staff of the SLOCPT, together with pertinent data on financial operations. Data was reviewed for reasonableness and year-to-year consistency of certain key data elements, but was not audited by the actuary.

Assumptions and Methods

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. Those assumptions and methods are used for funding purposes, and may differ from those used for financial reporting purposes. This valuation includes assumption changes adopted by the Board based on the Experience Study performed for the five-year period ending December 31, 2019. These changes include changing the discount rate, inflation rate, mortality rates, retirement rates, and termination rates.

The valuation and GASB results used for financial reporting are developed using the Entry Age Cost Method. The Board has adopted this method, based upon the recommendation of the actuary, since it produces the most stable contribution rates year over year. Under this method, normal cost is calculated as a constant percentage of the member's year-by-year projected, covered pay. The amortization of the unfunded actuarial accrued liabilities is done as a level percent of payroll over 20 years (30 year closed amortization period beginning with the January 1, 2010 valuation) for funding computations.

The enclosed exhibits provide further related information necessary to complete your filing. All other necessary information is available in the January 1, 2020 actuarial valuation report. The enclosed exhibits include:

- Assumptions and Funding Methods
- Schedule of Active Members
- Schedule of Retirees and Beneficiaries
- Solvency Test
- Schedule of Funding Progress
- Development of Actuarial Value of Assets
- Summary of Benefit Provisions

We prepared the above tables but the SLOCPT prepared the other supporting schedules and the trend tables in the financial section based on information supplied in our report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Paul T. Wood, ASA, FCA, MAAA
Consultant

Thomas Lyle, FSA, FCA, EA, MAAA
Consultant

Actuarial Methods and Assumptions Used in the January 1, 2020 Valuation

I. Valuation Date

The valuation date is December 31st of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

(i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;

(ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Deferred and Reciprocal Member Actuarial Accrued Liability. Data provided includes date of birth, service credit, reciprocal status, and hourly pay rates at termination. The estimated benefit was used to compute the liabilities for reserve members. For reciprocal members, the estimated benefits were projected with 2.75% wage inflation from their date of termination to their assumed retirement date to compute those liabilities.

Amortization of Unfunded Actuarial Accrued Liabilities is done as a level percent of payroll over a closed 30 year period (20 years as of January 1, 2020) for funding computations. Starting January 1, 2019, all new gains and losses will be amortized over a closed 20-year layer each year.

III. Actuarial Value of Assets

The funding value of assets is based on the fair value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year). Returns are measured net of all administrative expenses.

IV. Actuarial Assumptions (changes effective January 1, 2020, based on the December 31, 2019 experience study)

A. Economic Assumptions

1. Investment return: 6.875%, compounded annually, net of administrative expenses. This is made up of a 2.25% inflation rate and a 4.625% real rate of return.

2. Salary increase rate: Inflation rate of 2.25% plus productivity increase rate of 0.50% plus an additional service-related merit component as shown below:

% Merit Increases in Salaries Next Year		% Total Increases in Salaries Next Year	
Service Index	Rate	Service Index	Rate
1	5.25%	1	8.00%
2	5.00%	2	7.75%
3	4.00%	3	6.75%
4	3.00%	4	5.75%
5	2.00%	5	4.75%
6	1.00%	6	3.75%
7	0.50%	7	3.25%
8 +	0.00%	8 +	2.75%

3. Cost-of-living increases:

Assumed to increase 2.50% each year (2% for Tier 2 and Tier 3)

4. Payroll growth:

2.75% per year (Inflation 2.25%; productivity of 0.50%) for the January 1, 2020 actuarial valuation.

5. Increase to maximum earnings limit for Tier 3 members:

2.50% per year

6. Contribution accumulation: Contributions are credited with 6.00% interest, compounded biweekly.

B. Demographic Assumptions

1. Mortality projection – Scale MP-2019
2. Mortality after termination or retirement -
   a. Healthy males – Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 99% multiplier
   b. Healthy females – Pub-2010, Amount Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 101% multiplier

   See sample rates for 2020 below:

Ages	% Dying Within Next Year Retirees	
	Men	**Women**
45	0.10%	0.06%
50	0.25%	0.21%
55	0.37%	0.29%
60	0.57%	0.40%
65	0.82%	0.58%
70	1.28%	0.94%
75	2.20%	1.69%
80	4.00%	3.10%
85	7.36%	5.83%

3. Mortality rates of active members – Pub-2010, Amount Weighted, Above Median Income, General Employee mortality tables, with generational mortality improvements using scale MP-2019, with a 100% multiplier for males and a 100% multiplier for females, applied to Pub-2010, as shown below for selected ages:

See sample rates for 2020 below:

Ages	% of Active Members Dying Within Next Year	
	Men	**Women**
30	0.04%	0.02%
35	0.06%	0.03%
40	0.07%	0.04%
45	0.09%	0.05%
50	0.12%	0.07%
55	0.19%	0.12%
60	0.29%	0.18%
65	0.41%	0.26%
70	0.57%	0.40%

4. Disability mortality after termination or retirement – Pub-2010, Amount Weighted, Above Median Income, General Disabled Retiree mortality tables, with generational mortality improvements using scale MP-2019, with a 100% multiplier for males and a 100% multiplier for females, applied to Pub-2010, as shown below for selected ages:

   Sample rates for 2020 shown below:

	% of Disabled Members Dying Within Next Year	
Ages	**Men**	**Women**
30	0.49%	0.35%
35	0.65%	0.54%
40	0.80%	0.73%
45	1.02%	0.97%
50	1.50%	1.43%
55	2.07%	1.83%
60	2.61%	2.08%
65	3.08%	2.18%
70	3.65%	2.59%

5. Retirement –

a. As shown below for Tier 1 members for selected ages (rates are only applied to members eligible for retirement):

Age	Percent of Eligible Active Members Retiring Within Next Year		
	Miscellaneous	Probation	Safety
50	2.0%	7.5%	25.0%
51	2.0%	7.5%	20.0%
52	2.0%	7.5%	10.0%
53	2.0%	7.5%	10.0%
54	4.0%	7.5%	12.0%
55	6.0%	25.0%	40.0%
56	6.0%	25.0%	30.0%
57	8.0%	25.0%	30.0%
58	8.0%	12.0%	12.0%
59	8.0%	12.0%	18.0%
60	10.0%	15.0%	25.0%
61	10.0%	15.0%	30.0%
62	25.0%	20.0%	40.0%
63	20.0%	20.0%	50.0%
64	20.0%	20.0%	75.0%
65	40.0%	100.0%	100.0%
66	40.0%		
67	30.0%		
68	30.0%		
69	30.0%		
70	100.0%		

Current Reciprocal and Reserve members are assumed to retire at the later of age 60 (age 55 for Tier 1 Reserve Members) or attained age.

b. As shown below for Tier 2 and future Tier 3 members for selected ages (rates are only applied to members eligible for retirement):

Age	Percent of Eligible Active Members Retiring Within Next Year		
	Miscellaneous	Probation	Safety
50	3.0%	7.5%	9.0%
51	3.0%	7.5%	9.0%
52	3.0%	7.5%	10.0%
53	3.0%	7.5%	10.0%
54	3.0%	7.5%	10.0%
55	6.0%	7.5%	10.0%
56	6.0%	7.5%	10.0%
57	6.0%	7.5%	10.0%
58	6.0%	9.0%	11.0%
59	6.0%	9.0%	15.0%
60	8.0%	10.0%	20.0%
61	8.0%	10.0%	25.0%
62	25.0%	20.0%	30.0%
63	20.0%	20.0%	40.0%
64	20.0%	20.0%	60.0%
65	40.0%	100.0%	100.0%
66	40.0%		
67	30.0%		
68	30.0%		
69	30.0%		
70	100.0%		

6. Rates of separation from active membership (for causes other than death or retirement) - As shown below for selected ages:

Sample Ages	% of Active Members Separating Within Next Year Miscellaneous Members Disability	Withdrawal < 5 years	Withdrawal >= 5 years	Vested Termination
20	0.00%	12.50%	8.50%	0.00%
25	0.00%	11.00%	7.75%	10.00%
30	0.01%	9.50%	3.75%	7.50%
35	0.04%	8.00%	2.00%	5.00%
40	0.06%	7.00%	1.25%	4.00%
45	0.09%	6.00%	0.50%	4.00%
50	0.11%	6.00%	0.00%	3.00%
55	0.14%	6.00%	0.00%	2.00%
60	0.16%	6.00%	0.00%	0.00%
64	0.18%	6.00%	0.00%	0.00%

Sample Ages	% of Active Members Separating Within Next Year Safety and Probation Members Disability	Withdrawal < 5 years	Withdrawal >= 5 years	Vested Termination
20	0.00%	5.20%	1.50%	3.00%
25	0.03%	5.00%	1.50%	2.00%
30	0.13%	4.70%	1.00%	1.50%
35	0.23%	4.00%	0.50%	1.50%
40	0.33%	3.50%	0.50%	1.50%
45	0.43%	2.50%	0.00%	1.50%
50	0.53%	1.50%	0.00%	1.50%
55	0.63%	0.00%	0.00%	0.00%
60	0.73%	0.00%	0.00%	0.00%
64	0.81%	0.00%	0.00%	0.00%

Vested termination rates and disability rates are applied after the member is eligible for reduced or unreduced retirement benefits. 100% of the Safety disabilities and 0% of the Miscellaneous and Probation disabilities are duty-related.

30% of Vested Terminations are assumed to be Reciprocal.

Based on Member Contribution Totals provided by SLOCPT, we are assuming that 1.00% of members' contribution account balances are for supplemental/additional benefits.

C. Other Assumptions

Member Refunds. All or part of the employee contribution rate is subject to potential "Pick Up" by the employer. Our understanding is that “Pick Ups”, and related interest, are subject to refund.

Deferral Age. The assumed retirement age for future Reserve and Reciprocal members is age 57.

Active Death. 100% of active deaths are assumed to be duty related.

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active and deferred members.

Marital Status. 80% of men and 60% of women were assumed married at retirement.

Spouse Census. Women were assumed to be 3 years younger than men for active employees.

Disability Benefits. Benefits are not assumed to be offset by Social Security benefits.

IRC Section 415 Limits. We are assuming that IRC Section 415 limits, although applicable to this plan, will not impact any individual benefits.

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Average Annual Earnings	Percent Increase In Average Earnings
1/01/2010	2,506	$160,443,939	$64,024	0.9
1/01/2011	2,479	161,783,273	65,262	1.9
1/01/2012	2,446	161,054,639	65,844	0.9
1/01/2013	2,495	164,299,413	65,851	0.0
1/01/2014	2,521	164,704,467	65,333	-0.8
1/01/2015	2,550	167,695,432	65,763	0.7
1/01/2016	2,609	177,003,887	67,844	3.2
1/01/2017	2,675	185,019,748	69,166	1.9
1/01/2018	2,722	196,848,084	72,317	4.6
1/01/2019	2,725	200,537,472	73,592	1.8
1/01/2020	2,752	205,694,036	74,743	1.6

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

Valuation Date	Number Added Since Last Valuation Date	Allowances for Additional Retirees and Beneficiaries	Number Removed Since Last Valuation Date	Allowances for Retirees and Beneficiaries Removed	Number	Pension Benefit Amount	Average Annual Benefit	Percent Increase in Average Benefit
1/01/2010	205	$6,258,612	56	$732,196	1,890	$44,940,354	$23,778	7.0%
1/01/2011	113	3,290,962	57	530,316	1,946	48,431,618	24,888	4.7%
1/01/2012	134	4,109,419	40	568,150	2,040	51,967,375	25,474	2.4%
1/01/2013	150	5,235,834	43	813,919	2,147	57,242,887	26,662	4.7%
1/01/2014	152	4,469,386	49	890,436	2,250	62,026,694	27,567	3.4%
1/01/2015	200	6,983,929	49	877,814	2,401	69,067,723	28,766	4.3%
1/01/2016	168	5,858,191	52	1,099,047	2,517	74,864,386	29,743	3.4%
1/01/2017	161	5,982,085	60	1,350,465	2,618	80,486,911	30,744	3.4%
1/01/2018	181	7,428,520	54	1,164,837	2,745	88,353,092	32,187	4.7%
1/01/2019	188	6,817,615	65	1,583,470	2,868	95,882,264	33,432	3.9%
1/01/2020	154	5,848,312	54	1,153,684	2,968	103,407,204	34,841	4.2%

Solvency Test

Valuation Date	Actuarial Accrued Liabilities (1) Retirees and Beneficiaries	(2) Terminated Vested Members	(3) Active Members	Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets (1)	(2)	(3)
1/01/2010	$582,967,652	$51,802,198	$581,383,207	$937,278,758	100%	100%	52%
1/01/2011	620,202,009	55,563,786	606,292,540	1,000,168,850	100%	100%	54%
1/01/2012	701,729,018	58,707,055	618,113,241	1,057,921,875	100%	100%	48%
1/01/2013	788,045,517	56,293,118	623,662,043	1,122,150,539	100%	100%	45%
1/01/2014	847,672,409	58,811,804	612,266,814	1,182,923,978	100%	100%	45%
1/01/2015	946,455,151	60,711,979	598,424,079	1,231,473,577	100%	100%	37%
1/01/2016	1,059,302,163	61,709,450	628,330,652	1,248,327,560	100%	100%	20%
1/01/2017	1,134,942,637	64,502,981	627,896,696	1,268,404,900	100%	100%	11%
1/01/2018	1,252,332,952	66,235,224	627,112,335	1,328,750,029	100%	100%	2%
1/01/2019	1,343,131,383	72,620,989	614,176,940	1,362,561,581	100%	27%	0%
1/01/2020	1,460,304,724	72,073,570	637,693,189	1,416,762,603	97%	0%	0%

Schedule of Funding Progress

Valuation Date	Valuation Assets[1]	Actuarial Liability[1]	Funded Ratio	Unfunded Actuarial Liability	Member Payroll	Ratio to Payroll
12/31/2010	$1,000,169	$ 1,282,058	78.0%	$ 281,889	$ 161,783	174.2%
12/31/2011	1,057,922	1,334,545	79.3%	276,623	161,055	171.8%
12/31/2011 [2,3]	1,057,922	1,378,549	76.7%	320,627	161,055	199.1%
12/31/2012 [3]	1,122,151	1,468,001	76.4%	345,850	164,299	210.5%
12/31/2013 [4]	1,182,924	1,518,751	77.9%	335,827	164,704	203.9%
12/31/2014	1,231,474	1,605,591	76.7%	374,117	167,695	223.1%
12/31/2015	1,248,328	1,686,497	74.0%	438,169	177,004	247.5%
12/31/2015 [2]	1,248,328	1,749,342	71.4%	501,014	177,004	283.1%
12/31/2016	1,268,405	1,827,342	69.4%	558,937	185,020	302.1%
12/31/2017	1,328,750	1,937,173	68.6%	608,423	196,848	309.1%
12/31/2017 [2]	1,328,750	1,945,681	68.3%	616,930	196,848	313.4%
12/31/2018	1,362,562	2,029,929	67.1%	667,368	200,537	332.8%
12/31/2019	1,416,763	2,116,700	66.9%	699,938	205,694	340.3%
12/31/2019 [2]	1,416,763	2,170,071	65.3%	753,309	205,694	366.2%

[1] Assets and liabilities do not include Employee Additional Reserve amounts (in $) of:

12/31/2019	$2,598,886	12/31/2014	$5,295,316
12/31/2018	2,784,819	12/31/2013	5,942,492
12/31/2017	3,267,574	12/31/2012	6,606,149
12/31/2016	3,961,371	12/31/2011	7,462,567
12/31/2015	4,362,000	12/31/2010	8,558,571

[2] Reflects assumption changes.

[3] Reflects benefit provisions under Tier 2 for certain new members.

[4] Reflects benefit provisions under Tier 3 for new members, and assumption changes.

Development of Funding Value of Assets
January 1, 2020

San Luis Obispo County Pension Trust
Development of Funding Value of Assets - January 1, 2020

	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019
A. Funding Value Beginning of Year	$1,231,473,577	$1,248,327,560	$1,268,404,900	$1,328,750,029	$1,362,561,581
B. Gross Fair Value End of Year	1,135,802,704	1,181,242,858	1,340,471,022	1,271,620,084	1,439,004,203
C. Gross Fair Value Beginning of Year	1,173,336,063	1,135,802,704	1,181,242,858	1,340,471,022	1,271,620,084
D. Non-Investment Cash Flow	(20,827,506)	(23,509,152)	(15,849,141)	(15,432,525)	(22,671,149)
E. Investment Income					
E1. Fair Value Total =B-C-D	(16,705,853)	68,949,306	175,077,305	(53,418,413)	190,055,268
E2 Immediate Recognition	88,526,837	88,105,825	89,809,223	92,481,499	94,599,241
E3. Phased-in Recognition	($105,232,690)	($19,156,519)	$85,268,082	($145,899,912)	$95,456,027
F. Phased-in Recognition					
F1. Current Year=E3x20%*	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
F2. First Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
F3. Second Prior Year	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616
F4. Third Prior Year	6,442,404	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)
F5. Fourth Prior Year	(10,690,006)	6,442,404	10,167,841	(6,715,969)	(21,046,538)
F6. Continued Recognition of 2008 Asset Loss	(29,936,396)	(29,936,396)	(9,936,396)	0	0
F7. Additional Recognition of 2008 Asset Loss	0	0	0	0	0
F8. Total Recognized Gain/(Loss)	($51,778,664)	($44,919,962)	($14,308,750)	($43,720,177)	($17,913,003)
G. Preliminary Funding Value					
=A+D+E2+F8	$1,247,394,244	$1,268,004,271	$1,328,056,232	$1,362,078,826	$1,416,576,670
H. Excludable Assets					
H1. End of Year	4,362,000	3,961,371	3,267,574	2,784,819	2,598,886
H2. Beginning of Year	5,295,316	4,362,000	3,961,371	3,267,574	2,784,819
H3. Change=H1-H2	(933,316)	(400,629)	(693,797)	(482,755)	(185,933)
I. Final Funding Value=G-H3	$1,248,327,560	$1,268,404,900	$1,328,750,029	$1,362,561,581	$1,416,762,603
J. Investment Return=(E2+F8)/(A+D/2)	3.01%	3.49%	5.99%	3.69%	5.68%

*The Board originally decided to recognize the 2008 asset loss over 10 years with acceleration of the recognition in future years when the funding margin allowed it. The Board elected to accelerate recognition of an additional $10 million of the 2008 loss base for the year ending December 31, 2010 and another additional $10 million for the year ending December 31, 2013. This base is now fully recognized.

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

1. Membership Requirements – 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.

2. Tiers
   Tier 1 generally includes new members hired before January 1, 2011.

   Tier 2 generally 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.

3. Final Compensation – Highest one-year average for employees in Tier 1 and "Pick Up" included as compensation for various management employees. Bargaining Units #4, 7, 8, 9, 10, 11, 12, 17, 99

   Pick Up Percentage included in final average compensation:

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

   Highest three-year average for employees in Tier 2 and Tier 3

4. Member Contributions
   Employee contribution rates used in the January 1, 2020 valuation have increased since the January 1, 2019 valuation for most members.

5. Service Retirement

   A. Eligibility - Age 50 with 5 years of service (Age 52 with 5 years of service for Miscellaneous members in Tier 3).

   B. Benefit Formula - Final Compensation multiplied by Years of Credited Service multiplied by Retirement Age Factor.

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

C. Retirement Age Factors

	Safety				
Age	Tier 1[1]	Tier 1[2]	Tier 2[3]	Tier 2[4]	Tier 3
50	2.300%	3.000%	2.000%	2.300%	2.000%
51	2.440	3.000	2.140	2.440	2.100
52	2.580	3.000	2.280	2.580	2.200
53	2.720	3.000	2.420	2.720	2.300
54	2.860	3.000	2.560	2.860	2.400
55	3.000	3.000	2.700	3.000	2.500
56	3.000	3.000	2.700	3.000	2.600
57+	3.000	3.000	2.700	3.000	2.700

	Probation	
Age	Tier 1	Tier 3
50	2.300%	2.000%
51	2.440	2.100
52	2.580	2.200
53	2.720	2.300
54	2.860	2.400
55	3.000	2.500
56	3.000	2.600
57+	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] Sworn Safety members

	Miscellaneous		
Age	Tier 1	Tier 2	Tier 3
50	1.426%	1.092%	-
51	1.541	1.156	-
52	1.656	1.224	1.000%
53	1.770	1.296	1.100
54	1.885	1.376	1.200
55	2.000	1.460	1.300
56	2.117	1.552	1.400
57	2.233	1.650	1.500
58	2.350	1.758	1.600
59	2.466	1.874	1.700
60	2.583	2.000	1.800
61	2.699	2.134	1.900
62	2.816	2.272	2.000
63	2.932	2.418	2.100
64	3.049	2.458	2.200
65	3.165	2.500	2.300
66	3.165	2.500	2.400
67+	3.165	2.500	2.500

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

D. Maximum Benefit

a. Tier 1

80% of Final Compensation for San Luis Obispo County Employees' Association (SLOCEA) and Misc. Other.

90% of Final Compensation for Safety and Probation.

100% of Final Compensation for Miscellaneous Management.

b. Tier 2

90% of Final Compensation for all of Tier 2.

c. Tier 3

No maximum benefit applies but pensionable compensation is capped at $126,291 for 2020 and adjusted annually based on Consumer Price Index (CPI).

6. Ordinary Disability

A. Eligibility - Five years of service and less than 65 years old.

B. Benefit Formula - 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).

7. Line-of-Duty Disability

A. Eligibility - No age or service requirement for Safety members.

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

8. Ordinary Death Before Eligible for Retirement (Basic Death 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.

9. Ordinary Death After Eligible for Retirement

50% of earned benefit payable to surviving eligible spouse or children until age 18, or benefit in (8) above if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

10. Line-of-Duty Death (Safety only)

50% of Final Compensation. Benefit increased to 62.5%, 70% or 75%, respectively, if violent death and 1, 2, or 3 children.

11. Death After Retirement

50% of member's unmodified allowance continued to eligible spouse. Optional forms of payment are also available.

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

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

12. Withdrawal Benefits
    A. Less than Five Years of Service
       Refund of accumulated employee contributions with interest.

    B. Five or More Years of Service
       If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire.

13. Post-Retirement Cost-of-Living Benefits
    Based on changes in Consumer Price Index to a maximum of 3% per year (maximum of 2% per year for Tier 2 and Tier 3).

14. Deferred Retirement Option Program (DROP): A Tier 1 member (excluding Court employees) may elect to participate in the Pension Trust's DROP. A member age 50 or more with 5 or more years of service may participate. An amount equal to the amount that would have been paid had the member retired, is deposited into a DROP account. The DROP account is a separate defined contribution account with investments controlled by the DROP participant. The Pension Trust incurs no additional costs and credits no interest to the 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 5 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.

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If the County should find the plan summary not in accordance with the actual provisions, the County should alert the actuary **IMMEDIATELY** so proper provisions are valued.

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 public safety officers (e.g., Deputy Sheriffs)

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.

The actuarial data presented in this Statistical Section is based on the January 1, 2020 Annual Actuarial Valuation which reflects data as of December 31, 2019.

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

	2020	2019	2018	2017	2016
Additions					
Employer Appropriations	$ 56,306	$ 48,958	$ 46,243	$ 42,341	$ 35,452
Plan Member Contributions	35,888	32,983	32,953	30,467	25,359
Net Investment Income (Loss)	152,251	193,721	(50,033)	178,640	68,949
Other Income	36	19	-	-	-
Total Additions	$ 244,481	$ 275,681	$ 29,163	$ 251,448	$ 129,760
Deductions					
Service Retirement Benefits	$ 93,153	$ 86,853	$ 79,120	$ 72,074	$ 66,623
Disability Retirement Benefits	4,151	3,777	3,506	3,305	3,214
Beneficiary Retirement Benefits	6,714	5,326	4,845	4,435	4,156
Deferred Retirement Option Program	5,117	5,265	5,341	5,238	4,201
Total Retirement Benefits	$ 109,135	$ 101,221	$ 92,812	$ 85,052	$ 78,194
Refunds	3,168	3,292	1,757	2,857	2,247
Death Benefit	865	118	60	748	243
Administrative Expense	2,570	2,120	1,972	2,046	2,249
Discount Amortization	1,421	1,546	1,413	1,517	1,387
Total Deductions	$ 117,159	$ 108,297	$ 98,014	$ 92,220	$ 84,320
Net Increase (Decrease) in Fiduciary Net Position	$ 127,322	$ 167,384	$ (68,851)	$ 159,228	$ 45,440

	2015	2014	2013	2012	2011
Additions					
Employer Appropriations	$ 33,618	$ 32,047	$ 30,796	$ 30,942	$ 30,436
Plan Member Contributions	24,587	24,415	24,460	25,207	25,262
Net Investment Income (Loss)	(16,706)	51,667	131,842	108,818	24,113
Total Additions	$ 41,499	$ 108,129	$ 187,098	$ 164,967	$ 79,811
Deductions					
Service Retirement Benefits	$ 61,796	$ 56,186	$ 50,919	$ 46,535	$ 42,739
Disability Retirement Benefits	3,150	2,972	2,879	2,746	2,692
Beneficiary Retirement Benefits	3,824	3,541	3,352	2,905	2,769
Deferred Retirement Option Program	3,672	3,464	3,087	2,362	2,215
Total Retirement Benefits	$ 72,442	$ 66,163	$ 60,237	$ 54,548	$ 50,415
Refunds	1,613	1,629	2,374	1,138	1,659
Death Benefit	999	303	150	125	430
Administrative Expense	2,528	2,085	2,054	2,070	1,910
Discount Amortization	1,450	332	-	-	-
Total Deductions	$ 79,032	$ 70,512	$ 64,815	$ 57,881	$ 54,414
Net Increase (Decrease) in Fiduciary Net Position	$ (37,533)	$ 37,617	$ 122,283	$ 107,086	$ 25,397

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
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**
2012	Miscellaneous	$ 38,206	$ 1,242	$ 2,379	$ 1,216	$ 1,125	$ 121	$ 44,289
	Probation	1,642	129	91	-	-	-	1,862
	Safety	6,687	1,375	435	1,146	13	4	9,660
	TOTAL	$ 46,535	$ 2,746	$ 2,905	$ 2,362	$ 1,138	$ 125	**$ 55,811**
2011	Miscellaneous	$ 35,289	$ 1,221	$ 2,317	$ 1,006	$ 1,238	$ 427	$ 41,498
	Probation	1,445	105	90	-	85	-	1,725
	Safety	6,005	1,366	362	1,209	336	3	9,281
	TOTAL	$ 42,739	$ 2,692	$ 2,769	$ 2,215	$ 1,659	$ 430	**$ 52,504**

Source: SLOCPT detailed retiree payroll journals 2011-2020 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+
1/1/2020 - 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
1/1/2012 - 12/31/2012	Average Monthly Benefit	$ 423.34	$ 1,151.18	$ 1,625.01	$ 2,480.77	$ 3,877.46	$ 5,842.70	$ 6,630.33
	Average Final Average Salary	$ 5,828.85	$ 6,217.75	$ 4,782.79	$ 5,438.30	$ 6,344.62	$ 8,298.58	$ 8,156.87
	Number of Active Retirees	8	25	38	14	15	24	11
1/1/2011 - 12/31/2011	Average Monthly Benefit	$ 381.32	$ 1,043.17	$ 2,132.43	$ 2,462.09	$ 3,263.78	$ 4,712.96	$ 6,176.94
	Average Final Average Salary	$ 7,407.99	$ 5,281.23	$ 7,214.81	$ 5,890.86	$ 5,551.63	$ 6,441.64	$ 7,341.59
	Number of Active Retirees	13	21	20	17	25	14	12

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, 2020

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$0-$9,999						
Miscellaneous	391	22	60	1	474	15.4%
Probation	8	-	-	1	9	0.3%
Safety	19	-	2	1	22	0.7%
subtotal	**418**	**22**	**62**	**3**	**505**	**16.4%**
$10,000-$19,999						
Miscellaneous	545	32	53	-	630	20.5%
Probation	11	-	-	-	11	0.4%
Safety	25	-	8	1	34	1.1%
subtotal	**581**	**32**	**61**	**1**	**675**	**22.0%**
$20,000-$29,999						
Miscellaneous	393	26	26	3	448	14.6%
Probation	10	1	3	-	14	0.4%
Safety	29	6	11	-	46	1.5%
subtotal	**432**	**33**	**40**	**3**	**508**	**16.5%**
$30,000-$39,999						
Miscellaneous	282	3	20	2	307	10.0%
Probation	7	4	1	-	12	0.4%
Safety	13	15	7	2	37	1.2%
subtotal	**302**	**22**	**28**	**4**	**356**	**11.6%**
$40,000-$49,999						
Miscellaneous	184	3	15	6	208	6.8%
Probation	4	-	2	-	6	0.2%
Safety	23	13	8	1	45	1.4%
subtotal	**211**	**16**	**25**	**7**	**259**	**8.4%**
$50,000-$59,999						
Miscellaneous	130	-	4	6	140	4.5%
Probation	14	-	-	-	14	0.4%
Safety	24	7	2	3	36	1.2%
subtotal	**168**	**7**	**6**	**9**	**190**	**6.1%**

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2019

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	8	9	132	4.3%
Probation	6	-	-	-	6	0.2%
Safety	25	1	-	4	30	1.0%
subtotal	**145**	**2**	**8**	**13**	**168**	**5.5%**
$70,000-$79,999						
Miscellaneous	67	-	1	5	73	2.4%
Probation	2	-	-	-	2	0.1%
Safety	28	5	-	4	37	1.2%
subtotal	**97**	**5**	**1**	**9**	**112**	**3.7%**
$80,000-$89,999						
Miscellaneous	58	-	2	4	64	2.1%
Probation	5	-	-	-	5	0.2%
Safety	21	3	-	7	31	1.0%
subtotal	**84**	**3**	**2**	**11**	**100**	**3.3%**
$90,000-$99,999						
Miscellaneous	33	-	1	1	35	1.1%
Probation	2	-	-	-	2	0.1%
Safety	15	3	-	-	18	0.6%
subtotal	**50**	**3**	**1**	**1**	**55**	**1.8%**
$100,000+						
Miscellaneous	95	-	2	6	103	3.4%
Probation	6	-	-	1	7	0.2%
Safety	25	1	2	4	32	1.1%
subtotal	**126**	**1**	**4**	**11**	**142**	**4.7%**
CUMULATIVE TOTAL						
Miscellaneous	**2,292**	**87**	**192**	**43**	**2,614**	**85.1%**
Probation	**75**	**5**	**6**	**2**	**88**	**2.9%**
Safety	**247**	**54**	**40**	**27**	**368**	**12.0%**
	2,614	**146**	**238**	**72**	**3,070**	**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, 2020, based on data as of December 31, 2019.

Active Members (all classes)	Average Age	Average Service	Average Annual Pay
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
2011	47.7	11.1	65,844
2010	47.2	10.8	65,262

Number of Members	Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
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
2011	2,446	449	1,911	129	4,935
2010	2,479	475	1,817	129	4,900

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.	(b) RTA	SLOCPT	TOTAL
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	94.0%	4.4%	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	94.2%	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	94.2%	4.5%	0.7%	0.1%		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	94.4%	4.4%	0.9%	0.1%		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%		0.3%	
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%	0.8%	0.1%		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%		0.2%	
2013 (a)							
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%	1.0%	0.1%		0.3%	
2012							
Tier 1	2,054	134	24	3		5	2,220
Tier 2	274	-	-	-		1	275
Total	**2,328**	**134**	**24**	**3**		**6**	**2,495**
% of total	93.3%	5.3%	1.0%	0.1%		0.2%	
2011							
Tier 1	2,184	147	24	3		7	2,365
Tier 2	81	-	-	-		-	81
Total	**2,265**	**147**	**24**	**3**		**7**	**2,446**
% of total	92.6%	6.0%	1.0%	0.1%		0.3%	

(a) Beginning in 2013, all employers instituted a reduced level of "Tier 3" retirement benefits for new hires.
(b) 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
SLOCPT

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