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, 2021

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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

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Accountant

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Photographs: Carl Nelson

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San Luis Obispo County
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SLOCPT

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June 27, 2022

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, 2021.

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

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

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

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

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

Introductory Section

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

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

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

Financial Information

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

Actuarial Funding Status

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

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

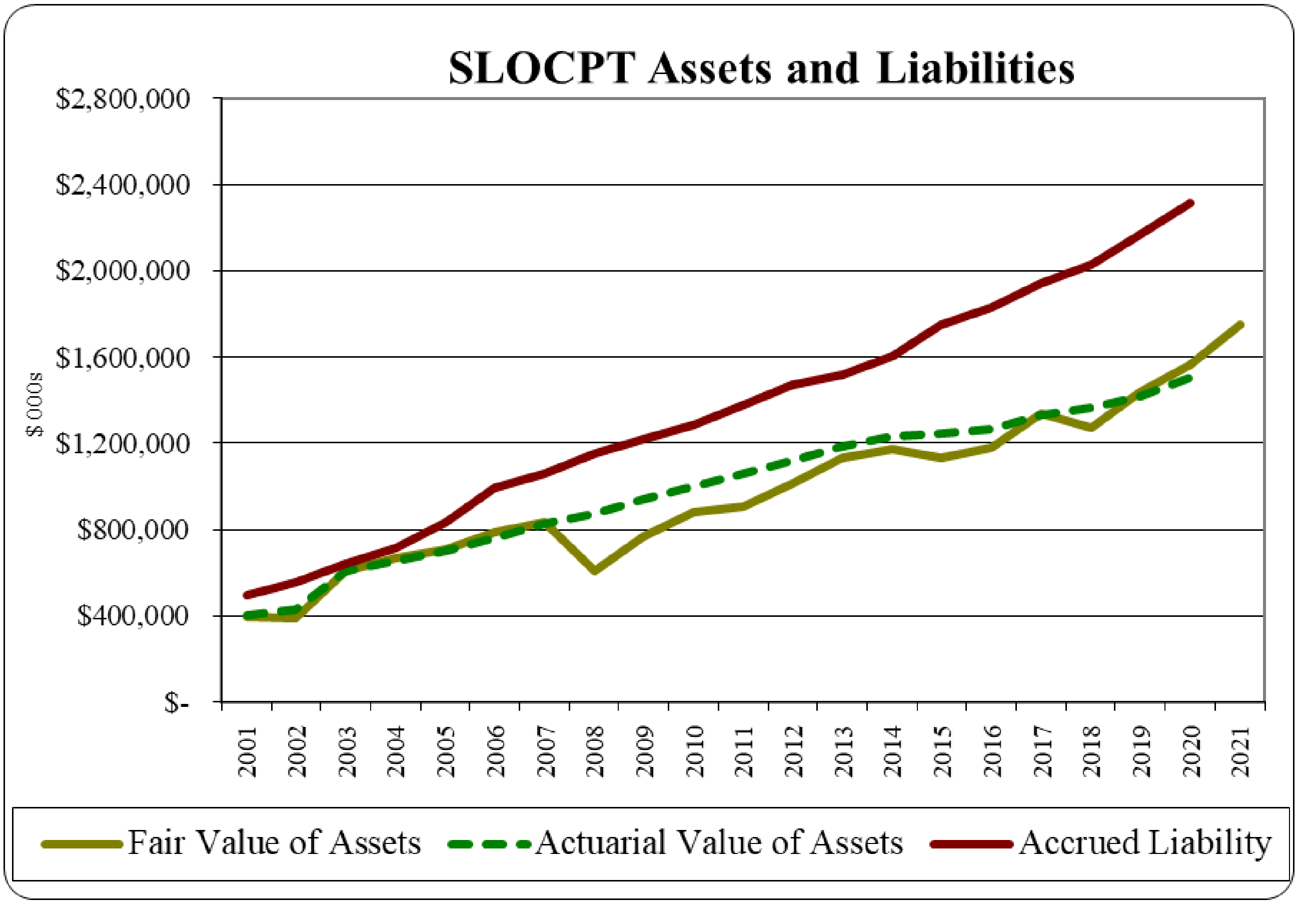
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and member contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing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

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

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2021 valuation prepared by the Pension Trust's actuary, Cheiron. It is based on member data and financial results through December 31, 2020. The most recent biennial actuarial experience study, as of January 1, 2020, was completed by the Pension Trust's actuary through December 31, 2020, Gabriel Roeder Smith & Company. At the time of preparation of this ACFR, the January 1, 2022 valuation was being prepared, but the results were not yet available.

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

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



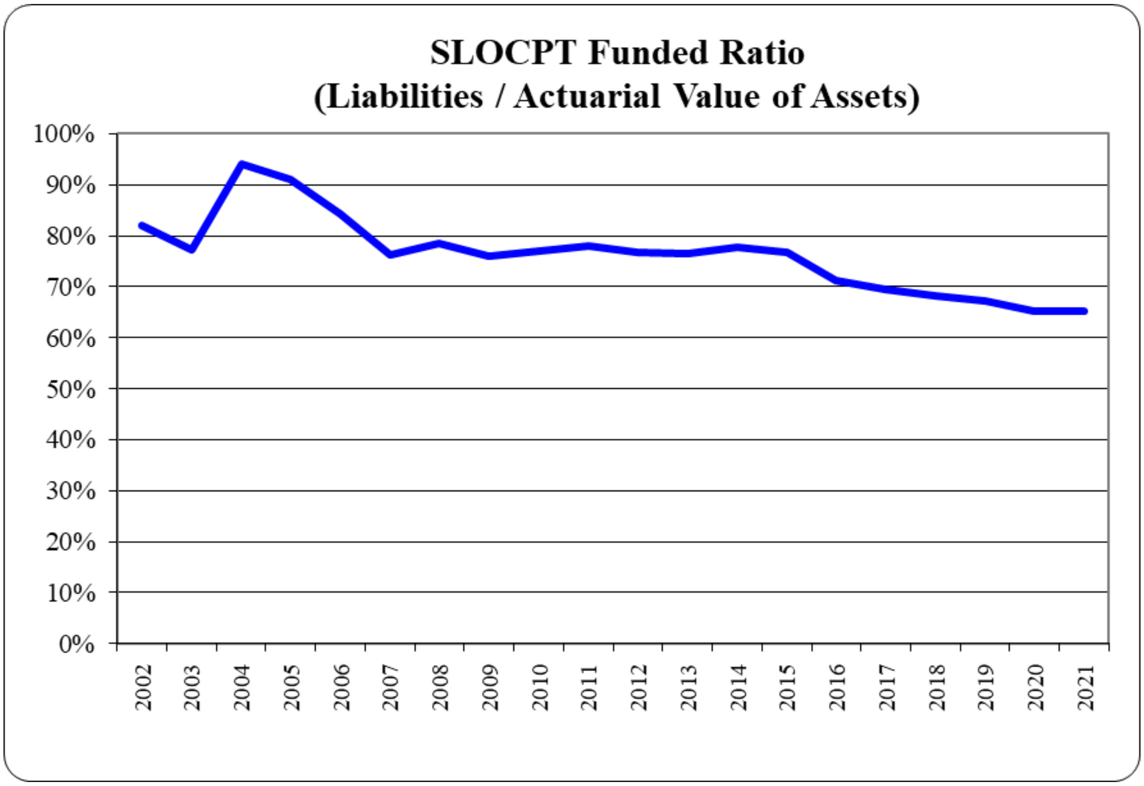
Source: Pension Trust financial records from annual actuarial valuations

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

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

This reduced Earnings Assumption, combined with revised Inflation, Payroll Growth, Salary Growth, and Mortality Assumptions, Unfunded Actuarial Accrued Liability amortization methods, and numerous other actuarial gains and losses, contributed to the increase in the Actuarial Accrued Liability at year-end 2015 through 2020 which, in turn, contributed to the decline in the Funded Ratio discussed below.

The relationship of the AAL and AVA is the Funded Ratio of the Pension Trust which decreased from 65.3% as of year-end 2019 to 65.1% as of year-end 2020. 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 71 through 93.

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:

	2017	2018	2019	2020	2021
SLOCPT Total Returns	15.5%	-3.1%	16.3%	9.6%	15.2%

Source: Verus reports

For cumulative periods ending December 31, 2021, 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	15.2%	13.7%	10.4%	8.9%	6.5%

Source: Verus 4th Quarter 2021 report

This Letter of Transmittal complements the information in the Investment Section and should be read in conjunction with it. The Investment Section can be found on pages 53 through 70.

Service Efforts and Accomplishments

Mission Statement

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

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

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

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

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

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

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

Honoring Public Service

The Pension Trust is continually aware that the retirement benefits promised by the Plan Sponsor and administered by the Pension Trust are an important element of compensation to the more than 6,550 hard-working public servants included in the Plan. The promise of lifetime retirement income as a portion of the compensation for such service is the essence of the fiduciary responsibility of the Pension Trust. The social services, health services, public infrastructure, planning, justice system, emergency services, public safety, probation, and other services provided by the public servants in San Luis Obispo County are important to the well-being of County citizens. As such, fair compensation, including pensions, for the providers of those public services is 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. We are proud that this is indeed what happens – month after month. As of December 31, 2021, the Pension Trust paid benefit allowances to 3,172 retirees, disability recipients, beneficiaries, and survivors. During 2021, $117.4 million was paid by the Pension Trust to retirees, their beneficiaries (following the death of a retiree) and to disability retirants. The retirement benefits paid by the Pension Trust are spent on goods and services (with some amount presumably also saved) by our retirees and contribute materially to the local economy of wherever they live after retiring from County service.

Investments

The Investment Section of this ACFR discusses the investment function of the Pension Trust in more detail, including its Investment Policy and asset allocation. Some of the key service efforts and accomplishments related to the Pension Trust's investments in 2020 and 2021 were:

- **Asset Allocation and Investment Policy** – a significant revision to the Pension Trust's Investment Policy based on the "Functionally Focused Portfolio" concept was completed in 2020. The Investment Policy now incorporates Liquidity, Growth and Risk Diversifying sub-portfolios. The practical implication of this change in investment policy is to more precisely plan the liquidity requirements of the fund and permit an increased allocation to higher expected return private market investments as part of the Growth sub-portfolio.

- **Private Market Investments** – To implement the asset allocation changes adopted in 2020 with their significant increases to Private Equity, Private Credit and Infrastructure, an extensive strategy revision and investment manager selection process was completed. Given the small-medium size of the Pension Trust, maintaining internal staffing to manage such an increased private markets portfolio is not cost-effective or advisable. With the assistance of the Pension Trusts general investment consultant (Verus) and a special project investment consultant (NEPC) the Pension Trust successfully selected a deep-organization investment firm to provide discretionary management of a dedicated Fund-of-One partnership. The Fund-of-One LP structure managed by HarbourVest Partners may eventually include approximately 35% of the Pension Trust's investments in a diversified portfolio of Private Equity, Private Credit and Infrastructure assets.

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, 2021 annual actuarial valuation. As part of the 2020 actuarial valuation, further changes in assumptions were planned for 2021. The current key actuarial assumptions used in the January 1, 2021 actuarial valuation (the most recent available as of the date of this writing) were as follows:

- 6.75% Earnings Assumption (net of fees)
- Administrative expenses explicitly included rather than being implicit in the Earnings Assumption (a more conservative treatment)
- 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, 2022 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

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Luis Obispo County Pension Trust
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2021

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

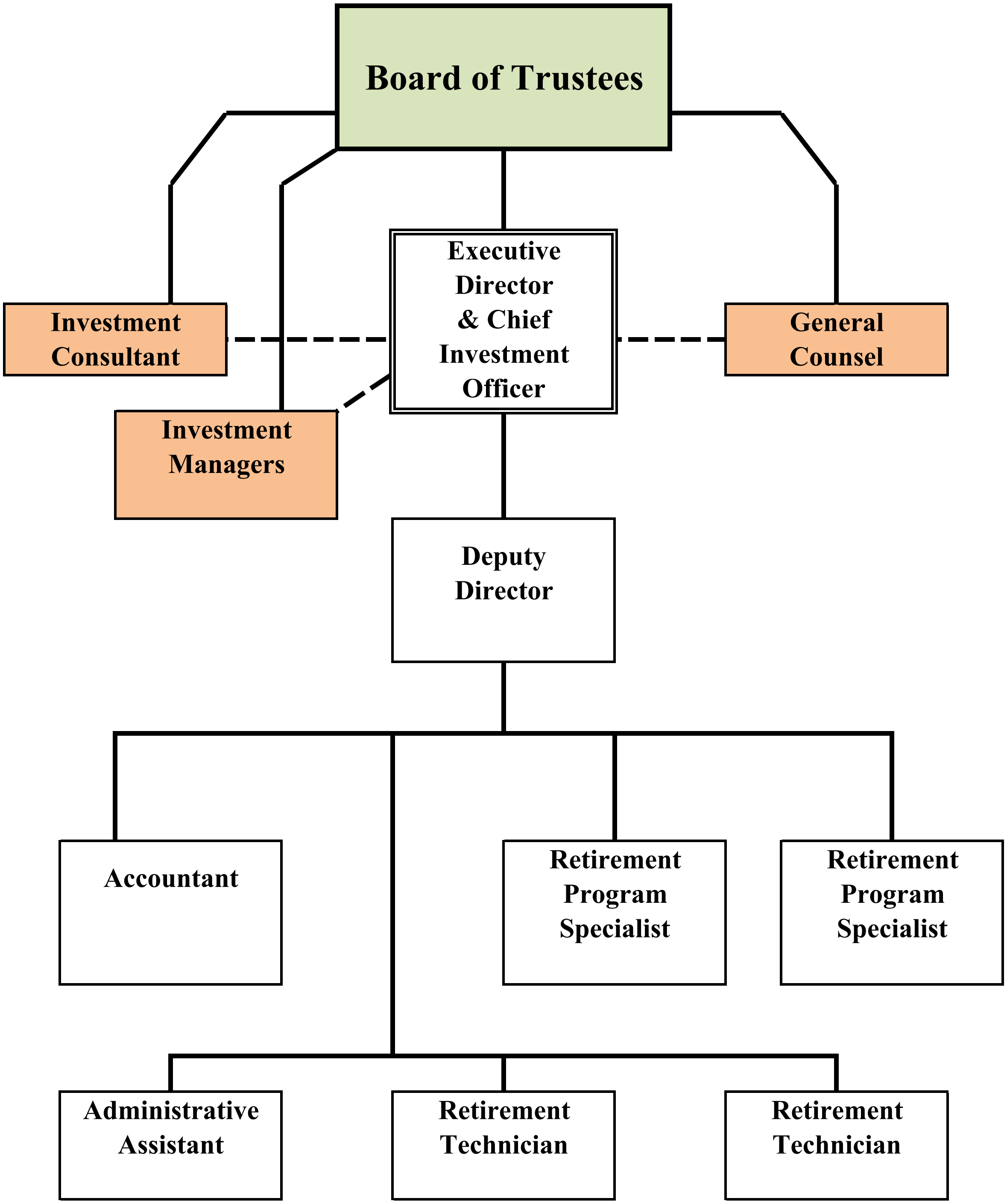
Alan H. Winkle
Program Administrator

Board of Trustees

As of December 31, 2021

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2021



Additional information regarding investments can be found in the Schedule of Management Fees and Commissions, located on pages 67 and 68 in the Investment Section.

Professional Consultants

As of December 31, 20221

Actuary

Anne Harper, FSA, MAAA, EA
Cheiron

Legal Services

General Counsel
Chris Waddell
Olson Remcho LLP

Litigation
Alan Blakeboro
Reicker, Pfau, Pyle & McRoy LLP

Plan Qualification & Fiduciary Counsel
Don Wellington
Wellington Gregory, 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
Sixth Street Partners

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

Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Statement of Fiduciary Net Position of the San Luis Obispo County Pension Trust (the Plan), a pension trust fund of the County of San Luis Obispo, as of and for the year December 31, 2021, and the related Statement of Changes in Fiduciary Net Position for the year then ended and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2021, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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STOCKTON
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Stockton, CA 95219
209-451-4833

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Plan's December 31, 2020, financial statements, and our report dated June 28, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 27, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

BROWN ARMSTRONG

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 27, 2022

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SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

June 27, 2022

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, 2021. SLOCPT was established on November 1, 1958. Some ten years later, the San Luis Obispo County Board of Supervisors adopted the present Bylaws and San Luis Obispo County Employees Retirement Plan (the Plan) in order to improve the benefits to employees retiring after January 1, 1968. One of the principal objectives of the new 1968 Plan, and of subsequent amendments to that Plan, has been to provide benefits substantially comparable to those that would have been provided had the original Plan Sponsor, San Luis Obispo County (the County), elected to join the California Public Employees' Retirement System, but at a lesser cost to the County and its employees and with greater local control. SLOCPT is established pursuant to Section 17 of Article XVI of the California Constitution and Government Code Sections 53215 et seq.

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

Financial Highlights

SLOCPT's Fiduciary Net Position as of December 31, 2021 was $1.750 billion. This represents an increase of $184 million or 11.7% from the year ended December 31, 2020. 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 2021 were $308.9 million, which includes member contributions and employer appropriations of $97.9 million and net investment income of $211.0 million. Comparatively, in 2020, additions to the Fiduciary Net Position were $244.5 million, which included member contributions and employer appropriations of $92.2 million and net investment income of $152.3 million. An increase of $62 million in realized and unrealized gains on investments was the main factor contributing to the net increase in total additions over prior year.

For the year ended December 31, 2021, deductions from the Fiduciary Net Position totaled $125.2 million, consisting of $121.1 million in payments to Plan members and their beneficiaries and $4.1 million in administrative and other expenses. 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. 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, 2021, the date of the last actuarial valuation that was approved in June 2021, the funded ratio for the Plan was 65.1%. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 65.1 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, 2021. 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 member contributions and through earnings in the investment portfolio (net of investment expense).

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

In comparison, the Fiduciary Net Position restricted for pension benefits as of December 31, 2020 totaled $1.566 billion, an increase of $127 million from the prior year. 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.

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

	2021	2020	Increase (Decrease)
Cash	$ 78,934,513	$ 61,481,889	$ 17,452,624
Investments at Fair Value	1,705,237,991	1,538,487,229	166,750,762
Securities Sold	64,842	1,171,266	(1,106,424)
Other Receivables and Other Assets	6,805,438	8,805,088	(1,999,650)
Total Assets	1,791,042,784	1,609,945,472	181,097,312
Total Liabilities	41,079,995	43,619,277	(2,539,282)
Net Increase in Fiduciary Net Position	183,636,594	127,321,992	56,314,602
Fiduciary Net Position, Beginning of Year	1,566,326,195	1,439,004,203	127,321,992
Fiduciary Net Position, End of Year	$ 1,749,962,789	$ 1,566,326,195	$ 183,636,594

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, 2021 totaled $308.9 million. Employer appropriations and Plan member contributions continue to increase.

Pensionable salaries for active members decreased $3.4 million or 1.57% for the year ended December 31, 2021 when compared to those earned in 2020. This decrease is largely due to the prior year consisting of 27 biweekly pay periods compared to 26 in the current year. In addition, pensionable salaries continue to reflect the annually changing balance of wage and employee population increases versus retirements of higher-wage senior employees and hiring of lower-wage new employees. 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, 2020 valuation, a contribution rate increase of 3.77% was implemented on January 1, 2021 for the Air Pollution Control District. For the remaining Plan participants, an increase of 4.13% in aggregate was implemented on July 1, 2021 with specific rate increases depending on bargaining unit. The increase in employer appropriations and member contributions experienced in 2021 was due to this contribution rate increase.

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

	Year Ended 2021	Year Ended 2020	Increase (Decrease)
Employer Appropriations	$ 61,177,212	$ 56,305,770	$ 4,871,442
Plan Member Contributions	36,699,913	35,888,642	811,271
Net Investment Income	210,984,718	152,250,551	58,734,167
Other Income	22,153	35,607	(13,454)
Total Additions	$ 308,883,996	$ 244,480,570	$ 64,403,426
Total Deductions	125,247,402	117,158,578	8,088,824
Net Change in Fiduciary Net Position	$ 183,636,594	$ 127,321,992	$ 56,314,602

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 2021, 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 2021	Year Ended 2020	Increase (Decrease)
Monthly Benefit Payments	$ 117,368,651	$ 109,135,137	$ 8,233,514
Refund of Contributions	3,314,923	3,167,517	147,406
Death Benefits	441,485	864,963	(423,478)
Administration and Actuarial	2,797,340	2,569,774	227,566
Prefunded Discount Amortization	1,325,003	1,421,187	(96,184)
Total Deductions	$ 125,247,402	$ 117,158,578	$ 8,088,824

The Plan as a Whole

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

Requests for Information

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

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

Respectfully submitted,

Carl A. Nelson

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

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 78,934,513	$ 61,481,889
Receivables		
Accrued Interest and Dividends Receivable	508,739	585,293
Accounts Receivable	14,251	25,130
Contributions Receivable	-	1,272,067
Securities Sold	64,842	1,171,266
Total Receivables	587,832	3,053,756
Investments, at Fair Value		
Bonds and Notes	351,525,607	268,620,994
International Fixed Income	131,649,929	153,501,562
Collateralized Mortgage Obligations	9,336,523	7,365,200
Domestic Equities	422,870,210	359,290,852
International Equities	325,042,658	370,824,211
Alternative Investments	244,171,272	172,467,326
Real Estate	220,641,792	206,417,084
Total Investments	1,705,237,991	1,538,487,229
Other Assets		
Prepaid Expenses	160,999	164,166
Capital Assets - Net of Accumulated Depreciation and Amortization	6,121,449	6,758,432
Total Other Assets	6,282,448	6,922,598
Total Assets	$ 1,791,042,784	$ 1,609,945,472
LIABILITIES		
Securities Purchased	$ 5,579,956	$ 12,590,983
Accrued Liabilities	1,325,249	1,265,982
Prefunded Contributions	34,174,790	29,762,312
Total Liabilities	$ 41,079,995	$ 43,619,277
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	**$ 1,749,962,789**	**$ 1,566,326,195**

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, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
ADDITIONS		
Contributions		
Employer Appropriations	$ 61,177,212	$ 56,305,770
Plan Member Contributions	36,699,913	35,888,642
Total Contributions	97,877,125	92,194,412
Investment Income		
Realized and Unrealized Gains and Losses, Net	206,236,189	144,465,689
Interest	2,827,151	3,405,925
Dividends	5,895,188	7,907,996
Investment Expenses	(3,973,810)	(3,529,059)
Net Investment Income	210,984,718	152,250,551
Other Income	22,153	35,607
Total Additions	308,883,996	244,480,570
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	117,368,651	109,135,137
Refund of Contributions	3,314,923	3,167,517
Death Benefits	441,485	864,963
Total Benefits	121,125,059	113,167,617
Other Deductions		
Administration and Actuarial	2,797,340	2,569,774
Prefunded Discount Amortization	1,325,003	1,421,187
Total Other Deductions	4,122,343	3,990,961
Total Deductions	125,247,402	117,158,578
Net Increase in Fiduciary Net Position	$ 183,636,594	$ 127,321,992
Fiduciary Net Position Restricted for Pension Benefits - Beginning of Year	$ 1,566,326,195	$ 1,439,004,203
Fiduciary Net Position Restricted for Pension Benefits - End of Year	**$ 1,749,962,789**	**$ 1,566,326,195**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash and Cash Equivalents

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

Securities

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

Alternative Investments

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

Real Estate

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

Asset Allocation Policy and Long-Term Expected Rate of Return

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

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

The following table displays the Board-approved strategic asset allocation policy as of March 22, 2021 and the 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%	-1.44%
Growth	Equities - Public Market	30%	3.20%
Growth	Real Assets	15%	4.70%
Growth	Private Markets	30%	5.92%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	-0.91%
		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 2021, for the eighth consecutive year, the Board entered into an agreement with the San Luis Obispo County (the County) Board of Supervisors to accept advanced payment of the employer appropriations and employer portions of member contributions for the County and the San Luis Obispo County Air Pollution Control District (APCD). The advance payment amount is determined and calculated by the Plan's Actuary pursuant to the provisions of the Plan Section 16.05(c) and as instructed by the Board. The discount rate used by the Actuary was 4.5%, 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

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.

Management's Estimates

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.

Concentrations of Market and Credit Risk

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

NOTE 2 – PLAN DESCRIPTION

General

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

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

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

NOTE 2 – PLAN DESCRIPTION (continued)

Membership

Active members are required to contribute to the Plan at rates currently ranging from 6.17% to 35.13% of includable compensation as defined in the Plan, depending upon the collective bargaining agreement under which the member is covered and their age of entry. Employers are required to contribute to the Plan at rates currently ranging from 26.57% to 46.69% of each employee's includable compensation as defined in the Plan, depending upon the collective bargaining agreement under which the employee is covered. The schedules of rates and contributions utilized are those adopted by the County Board of Supervisors based upon recommendation of SLOCPT's Board. The Board bases its recommendation on the annual Actuarial Valuation Report. The employers' appropriations and members' contributions are designed to annually fund the Plan's Actuarially Determined Contribution. Such contributions are currently invested in corporate notes, bonds, collateralized mortgage obligations, equities, futures, real estate investment funds, equity real estate holdings, alternative investments, and short-term cash investments. Contributions are credited interest as approved by the Board and accumulated for each individual active member until the member terminates employment. The rate of interest credited in 2021 was 5.875%.

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, 2021:

	2021
Retirees and Beneficiaries Currently Receiving Benefits	3,172
Terminated Employees Entitled to but not yet Receiving Benefits	605
Active Plan Participants	
Vested	1,721
Nonvested	1,055
Total	6,553

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

Benefits

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

NOTE 2 – PLAN DESCRIPTION (continued)

starting at age 50, based on Tier and Classification.

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

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

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

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

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

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES

Investment Stewardship

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest or delegate the investment of the assets of the Plan through the purchase, holding, or sale of any form or type of instrument or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has 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.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

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, 2021:

	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	$ 790,449	$ -	$ 4,056,051	$ 5,718,819	$ 10,565,319
Corporate Bonds and Notes	3,048,324	48,895,196	69,344,517	26,230,220	147,518,257
Derivatives	(892,065)	-	-	-	(892,065)
Municipal Bonds	449	4,331	29,114	2,243,387	2,277,281
US Government & Agencies	51,117,029	34,867,190	4,865,008	59,194,196	150,043,423
Foreign Corporate Bonds	2,237,312	24,425,641	5,316,742	11,252,481	43,232,176
Foreign Government Bonds	12,279,675	31,285,013	17,146,620	38,892,229	99,603,537
Other Short-Term Investments	10,433,481	29,730,650	-	-	40,164,131
Total	$ 79,014,654	$ 169,208,021	$ 100,758,052	$ 143,531,332	$ 492,512,059

Custody Credit Risk
Custody credit risk for deposits is the risk that, in the event of a financial institution's failure, the Plan would not be able to recover its deposits. Deposits are exposed to custody credit risk if they are not insured or not collateralized. Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in the Plan's name.

At December 31, 2021, the carrying amount of the Plan's cash deposits was $78.935 million (which includes cash equivalents) and the bank balance was $74.722 million. The difference between the bank

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

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, $556 thousand was covered by the Federal Deposit Insurance Corporation, and $64.554 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, 2021, as rated by Standard & Poor's (S&P) equivalent ratings:

	2021	
Quality Rating	%	Fair Value
AAA	22.98%	$ 113,162,375
AA+	11.29%	55,585,010
AA	5.65%	27,851,081
AA-	0.77%	3,804,741
A+	0.42%	2,087,953
A	3.71%	18,273,423
A-	1.10%	5,419,793
BBB+	2.99%	14,747,340
BBB	9.09%	44,775,008
BBB-	1.85%	9,106,784
Subtotal Investment Grade	59.85%	294,813,508
BB+	1.28%	$ 6,300,595
BB	2.22%	10,952,472
BB-	3.22%	15,843,921
B+	1.11%	5,465,168
B	6.88%	33,884,653
B-	7.04%	34,682,955
CCC+	1.50%	7,406,726
CCC	0.87%	4,269,737
CCC-	0.00%	-
D	0.08%	370,528
Not Rated	15.95%	78,521,796
Subtotal Non-Investment Grade	40.15%	197,698,551
Total Fixed Income and Short-Term Investments	100.00%	$ 492,512,059

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.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

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, 2021 was as follows:

Currency	Fair Value
Euro Currency	$ 54,938,351
Swiss Franc	42,785,613
British Pound	38,059,372
Japanese Yen	37,722,694
Hong Kong Dollar	15,622,535
Australian Dollar	11,686,578
Canadian Dollar	10,886,345
Swedish Krona	9,760,736
Danish Krone	9,127,588
Netherlands Antilles Guilder	8,616,139
Indian Rupee	8,574,553
Polish Zloty	7,842,157
Mexican Peso	6,611,215
South Korean Won	6,207,474
Brazilian Real	6,176,747
Norwegian Krone	5,916,243
Russian Ruble	5,189,835
Chilean Peso	4,496,870
Malaysian Ringgit	3,993,337
South African Rand	3,445,132
Chinese Yuan	3,422,332
Thai Baht	3,020,498
Indonesian Rupiah	2,667,802
Peruvian Nuevo Sol	1,859,429
Czech Koruna	1,690,956
Hungarian Forint	1,064,426
Singapore Dollar	1,046,320
Colombian Peso	869,057
Taiwan Dollar	862,320
Egyptian Pound	801,688
Romanian Leu	673,687
Turkish Lira	538,950
Uruguayan Peso	464,844
Ukrainian Hryvnia	336,844
Philippine Peso	282,949
Israeli Sheqel	235,791
New Zealand Dollar	88,793
Dominican Peso	26,947
Total	$ 317,613,147

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 – <u>INVESTMENTS</u> (continued)

The following table shows the fair value leveling of SLOCPT's investments as of December 31, 2021:

	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	$ 198,031,861	$ 153,493,746	$ -	$ 351,525,607
International Fixed Income	-	72,454,509	-	72,454,509
Collateralized Mortgage Obligations	-	9,336,523	-	9,336,523
Domestic Equities	85,234,533	337,635,678	-	422,870,211
International Equities	162,092,005	162,950,653	-	325,042,658
Real Estate	-	-	166,852,903	166,852,903
Total	$ 445,358,399	$ 735,871,109	$ 166,852,903	$ 1,348,082,411

<u>Investments in Entities that Calculate Net Asset Value Per Share</u>

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, 2021:

	Investments Measured at Net Asset Value (NAV)			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fund	$ 59,195,420	$ -	Quarterly	30 days
Private Real Estate Fund	53,788,889	-	Quarterly	30 days
Private Equity Funds	131,413,255	39,822,133	Not Eligible	Not Eligible
Private Credit Funds	112,758,016	77,034,778	Not Eligible	Not Eligible
Total	$ 357,155,580	$ 116,856,911		

Commingled Fund
This investment type consists of investments primarily in equity, debt, or real estate investments. As of December 31, 2021, 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, 2021, 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, 2021:

Derivative Type	Notional Amount	Fair Value
Forward Contracts	$ 75	$ 75
Swap Agreements	49,434,670	62,894
TBAs	5,521,988	5,521,988
	$ 54,956,733	$ 5,584,957

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, 2021, the Plan had unfunded capital commitments totaling $116.857 million.

Annual Money-Weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 13.43%. 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 – <u>CAPITAL ASSETS</u> (continued)

Changes in capital assets during the year ending December 31, 2021 were as follows:

	Beginning Balance January 1, 2021	Additions	Deletions	Ending Balance December 31, 2021
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	(999,707)	(636,983)	-	(1,636,690)
	$ 6,758,432	$ (636,983)	$ -	$ 6,121,449

Depreciation and amortization expenses for the year ended December 31, 2021 were $636,983.

NOTE 6 – <u>CONTRIBUTIONS</u>

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 (18 years as of December 31, 2021). 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 $1.506 billion.

In June 2021, the Board unanimously passed the recommendation of an increase of 2.16% to the total contribution rate as recommended by the Actuary in the January 1, 2021 Actuarial Valuation. The increased total contribution rate took into consideration continuing with the remaining 19 years of the 30-year amortization for unfunded liabilities as well as beginning the new practice of amortizing future liability amounts using a layered 20-year amortization. With the County Board of Supervisors' approval, the employers will implement the shared employer and employee increased total contribution rates for the majority of members effective July 1, 2022. The increase was adjusted to an average of 2.39% to account for the deferred implementation. The Air Pollution Control District implemented increased rates as of January 1, 2022.

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

NOTE 7 – NET PENSION LIABILITY

The components of Net Pension Liability of the Plan as of December 31, 2021 were as follows:

Total Pension Liability	$ 2,390,539,528
Plan Fiduciary Net Position	(1,749,962,789)
Employers' Net Pension Liability	$ 640,576,739

Plan Fiduciary Net Position as a percentage of Total Pension Liability was 73.20% as of December 31, 2021.

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, 2021 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	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019. The actuarial assumptions used in the January 1, 2021 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, 2021 (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%	0.81%
Growth	Equities - Public Market	30%	5.45%
Growth	Real Assets	15%	6.95%
Growth	Private Markets	30%	8.17%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	1.34%
		100%	

Discount Rate

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

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

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

Employers' Net Pension Liability as of December 31, 2021	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 969,194,324	$ 640,576,739	$ 371,915,146

NOTE 8 – LITIGATION

The Plan is subject to legal proceedings and claims in the ordinary course of its business. As of December 31, 2021, Plan management and legal counsel are not aware of litigation that would have a material impact on the Plan's financial statements.

NOTE 9 – SUBSEQUENT EVENTS

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

NOTE 9 – SUBSEQUENT EVENTS (continued)

Management has determined that no events require disclosure in accordance with governmental accounting standards generally accepted in the United States of America. Subsequent events have been evaluated through June 27, 2022, 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*	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 44,929,977	$ 43,278,018	$ 40,445,623	$ 40,729,658	$ 38,161,931	$ 36,968,006	$ 35,503,180	$ 36,210,322
Interest on the Total Pension Liability	151,553,475	146,066,246	139,848,569	134,311,163	128,399,243	123,083,279	114,971,636	108,953,629
Differences Between Expected and Actual Experience	32,468,995	11,871,198	3,836,848	31,926,880	(1,367,931)	5,485,265	9,771,252	-
Assumption Changes	35,700,366	53,371,279	-	8,507,420	-	62,845,241	-	-
Benefit Payments and Refunds	(121,125,059)	(113,167,617)	(104,630,854)	(94,628,868)	(88,657,277)	(80,683,305)	(75,054,266)	(68,095,021)
Net Change in Total Pension Liability	143,527,754	141,419,124	79,500,186	120,846,253	76,535,966	147,698,486	85,191,802	77,068,930
Total Pension Liability - Beginning	2,247,011,774	2,105,592,650	2,026,092,464	1,905,246,211	1,828,710,245	1,681,011,759	1,595,819,957	1,518,751,027
Total Pension Liability - Ending (a)	$ 2,390,539,528	$ 2,247,011,774	$ 2,105,592,650	$ 2,026,092,464	$ 1,905,246,211	$ 1,828,710,245	$ 1,681,011,759	$ 1,595,819,957
Fiduciary Net Position								
Employer Appropriations	$ 61,177,212	$ 56,305,770	$ 48,957,564	$ 46,243,596	$ 42,340,904	$ 35,451,409	$ 33,618,330	$ 32,046,545
Member Contributions	36,699,913	35,888,642	32,983,211	32,952,747	30,467,232	25,359,069	24,586,735	24,415,512
Pension Plan Net Investment Income (Loss)	211,006,871	152,286,158	193,721,648	(50,033,056)	178,639,524	68,949,306	(16,705,852)	51,667,160
Benefit Payments	(121,125,059)	(113,167,617)	(104,630,854)	(94,628,868)	(88,657,277)	(80,683,305)	(75,054,266)	(68,095,021)
Pension Plan Administrative Expense	(2,797,340)	(2,569,774)	(2,120,046)	(1,972,465)	(2,045,367)	(2,248,956)	(2,528,532)	(2,084,841)
Other	(1,325,003)	(1,421,187)	(1,527,404)	(1,412,892)	(1,516,852)	(1,387,369)	(1,449,773)	(331,910)
Net Change in Fiduciary Net Position	183,636,594	127,321,992	167,384,119	(68,850,938)	159,228,164	45,440,154	(37,533,358)	37,617,445
Fiduciary Net Position - Beginning	1,566,326,195	1,439,004,203	1,271,620,084	1,340,471,022	1,181,242,858	1,135,802,704	1,173,336,062	1,135,718,617
Fiduciary Net Position - Ending (b)	$ 1,749,962,789	$ 1,566,326,195	$ 1,439,004,203	$ 1,271,620,084	$ 1,340,471,022	$ 1,181,242,858	$ 1,135,802,704	$ 1,173,336,062
Net Pension Liability (a)-(b)	**$ 640,576,739**	**$ 680,685,579**	**$ 666,588,447**	**$ 754,472,380**	**$ 564,775,189**	**$ 647,467,387**	**$ 545,209,055**	**$ 422,483,895**
Fiduciary Net Position as a Percentage of Total Pension Liability	73.20%	69.71%	68.34%	62.76%	70.36%	64.59%	67.57%	73.53%
Covered Payroll**	$ 215,475,700	$ 218,911,525	$ 200,924,549	$ 199,288,713	$ 192,735,874	$ 180,728,417	$ 175,628,910	$ 167,343,323
Net Pension Liability as a Percentage of Covered Payroll	297.28%	310.94%	331.75%	378.59%	293.03%	358.25%	310.43%	252.47%

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

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

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution**	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
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%
2021	$ 61,177,212	$ 61,177,212	$ -	$ 215,475,700	28.39%

** 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, 2021
Notes	Actuarially determined contribution rates are calculated as of January 1, 2021. 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 19-year period from January 1, 2021 ending December 31, 2039. Future gains and losses will be amortized over 20-year closed period layers.
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	6.750%
Inflation Rate Assumption	2.25% 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
2021	13.43%
2020	10.57%
2019	15.21%
2018	-3.72%
2017	14.96%
2016	6.04%
2015	-1.42%
2014	4.54%

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

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

OTHER SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
Personnel Services		
Salaries and Benefits	$ 1,188,573	$ 1,169,527
Total Personnel Services	1,188,573	1,169,527
Office Expenses		
Office Supplies	10,562	27,988
Postage	29,711	32,194
Telephone	2,798	2,661
Utilities	14,054	10,079
Total Office Expenses	57,125	72,922
Professional Services		
Accounting and Auditing	59,800	59,800
Actuarial	103,423	106,633
Data Processing	301,048	113,567
Legal	181,571	182,119
Medical	20,025	14,275
Human Resources Consulting	5,000	7,500
Other	13,850	8,214
Bank Charges	10,348	12,986
Total Professional Services	695,065	505,094
Other Administrative Expenses		
Maintenance and Custodial	51,328	15,008
Insurance	134,841	127,327
Memberships, Subscriptions, and Publications	5,763	5,118
Printing and Reprographics	13,369	15,487
Transportation, Travel, and Education	8,713	9,605
Miscellaneous Administrative Expenses	5,580	850
Total Other Administrative Expenses	219,594	173,395
Depreciation and Amortization	636,983	648,836
TOTAL ADMINISTRATIVE EXPENSES	$ 2,797,340	$ 2,569,774

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
Investment Manager Fees	$ 3,330,598	$ 2,990,358
Custody Fees	278,212	228,274
Investment Consultant	295,000	295,344
Other Investment Expenses	70,000	15,083
TOTAL INVESTMENT EXPENSES	$ 3,973,810	$ 3,529,059

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
Accounting and Auditing Services	$ 59,800	$ 59,800
Actuarial Services	103,423	106,633
Data Processing Services	301,048	113,567
Legal Services	181,571	182,119
Disability Medical Services	20,025	14,275
Human Resources Services	5,000	7,500
Payroll Processing Services	6,718	6,696
TOTAL PAYMENTS TO CONSULTANTS	$ 677,585	$ 490,590

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

Verus

March 25, 2022

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

Dear Mr. Nelson:

Verus is pleased to have had the opportunity to serve the San Luis Obispo County Pension Trust (the "Plan") for the past 15 years and provide this investment review for the year ending December 31, 2021.

Capital Markets Review

2021 summary

The market environment in 2021 proved an exceedingly accommodative one for financial assets. Fiscal stimulus early in the year was significant; monetary policy was loose through most of the year; vaccine-related optimism lifted sentiment; and tight majorities in Congress limited the scope of the regulatory agenda in Washington.

The result was an exceedingly buoyant investment market. Over the course of the year, the S&P 500 never closed more than 5.2% below its previous record high, and it reached a record high on 70 different days. Only in 1995 has the S&P 500 closed with more record highs (77). Credit spreads moved to their tightest levels since prior to the Global Financial Crisis, and interest rates edged higher. Volatility, both realized and implied, remained on the low side of average levels for most of the year across asset classes.

U.S. Equity

Coming into the year, one of the big questions investors faced was whether large-cap U.S. stocks were going to be able to earn their way into the steep valuations they had built up through the latter half of 2020. The answer to that question was a resounding "YES!", with the S&P 500 Index returning 28.7%, powered by blockbuster corporate earnings which grew even faster than prices, keeping valuations in check. Strong earnings growth was enabled by healthy consumer balance sheets and spending, which led to steady revenue growth. Cost-cutting initiatives implemented throughout the pandemic also helped to improve the bottom line. The S&P 500 Index managed to record a fresh record net profit margin of 13.1% in the second quarter, before moderating slightly to end the year. Of course, earnings were not the only support for equities in 2021. Real interest rates fell to record lows as inflation outpaced rising rates, which was supportive for risk asset prices. The low interest rate environment also incentivized chief financial officers to issue debt and use the proceeds to buy back shares.

In terms of performance, large-cap equities (Russell 1000 +26.5%) outperformed small-cap equities (Russell 2000 +14.8%), and size was the general determinant of the attractiveness of growth versus value. Large-cap growth stocks (Russell 1000 Growth +27.6%) narrowly outpaced large-cap value (Russell 1000 Value +25.2%), but small-cap value (Russell 2000 Value +28.3%) clearly outpaced small-cap growth (Russell 2000 Growth +2.8%). Several periods of rising interest rates helped support the periodic outperformance of value-orientated sectors which tend to feature companies less dependent on cashflows further out into the future, such as Energy (+46.0%) and Financials (+33.1%).

International equity

It was a tougher year for non-U.S. equities. International developed equities (MSCI EAFE +11.3%) delivered unhedged returns which were strong on an absolute basis but materially lagged the U.S. (S&P 500 +28.7%). The strength of the U.S. dollar was a tremendous headwind for unhedged investors in international developed equities – on a dollar hedged basis, the MSCI EAFE returned 19.4%, meaning that the embedded currency portfolio of the MSCI EAFE Index fell 8.2% over the course of the year. Much of this decline could be attributed to weakness in the Japanese yen, which depreciated more than 10% relative to the U.S. dollar, and ended the year at a five-year low. The yen was likely impacted by an unwinding of safe-haven positions and the growing divergence in policy trajectories between the Federal Reserve and the Bank of Japan. However, the yen was not the only developed currency which came under pressure – the euro and British pound fell 6.9% and 1.0% relative to the U.S. dollar, respectively.

Emerging market equities also faced difficulties. The MSCI Emerging Markets Index declined 2.5% on an unhedged basis over the year, with currency exposure contributing approximately half of the decline. Most of the underperformance of EM equity relative to the global opportunity set was attributed to China (MSCI China -21.7%). Excluding China, the MSCI EM Index returned +10.0% on an unhedged basis. Weakness in Chinese equity markets was fueled by several factors, including the People's Bank of China shifting focus towards reducing leverage in the property development sector and tightening financial conditions, the China Communist Party ("CCP") crackdown on specific sectors of the economy, and intermittent struggles with virus containment. While there were some bright spots elsewhere in EM (Indian and Taiwanese equities both returned roughly 26%) China unfortunately continues to drive emerging market underperformance.

Fixed income

Market participants have expressed disparate views regarding the fixed income outlook. Much of the difference in viewpoint has been driven by beliefs around high levels of inflation and whether price rises will in fact be more transitory, or more persistent, in nature. Those in the "persistent" camp took a short victory lap in Q1 when the Bloomberg Long Treasury Index recorded its worst quarterly loss (-13.5%) since 1980 and the 10-year Treasury yield nearly doubled to end the quarter at 1.74%. However, the "persistent" narrative seemed to weaken towards the middle of the year as rates fell back down. Finally, persistence once again appeared likely in Q4 as rates moved back toward their

Q1 highs, and year-over-year headline inflation reached 7.0% (the highest level since 1982). In late November, Federal Reserve Chairman Powell officially retired the word “transitory” from the Fed’s lexicon with regard to inflation rates. Many investors remain of the view that 7.0% inflation is not sustainable, and that inflation will likely begin to fall later in 2022 as the outsized impact of energy prices and automobiles fade from the year-over-year inflation calculation, supply chain issues continue to be resolved, and spending patterns generally move back towards normalcy. Regardless, there is no doubt that the inflationary pressures caused by pandemic-related dislocations earlier in the year have broadened considerably, are impacting food prices and labor costs, and are likely to lead to continued above-average increases in shelter costs.

The shifting inflation environment appears to be changing the mindset of central bankers in important ways. In January, the Federal Reserve was more focused on reducing unemployment than on containing inflation. This was clearly no longer the case in December. The Federal Reserve is now expected to conclude its asset purchase program by March 2022, hike interest rates four times over the year beginning in March, and potentially start “normalizing” its balance sheet (i.e. selling assets) around mid-year. This significant pivot from Fed officials suggests that one of the strongest supports for equity prices might be on more shaky ground in 2022, and it also sets up some potential future policy divergences between global central banks. While many emerging market central banks have already begun hiking policy rates in response to higher inflation, developed central banks have taken a wider range of approaches. The Bank of Japan, European Central Bank, and Swiss National Bank are expected to keep policy unchanged for the foreseeable future. The Bank of England, the Bank of Canada, the Fed, and the Reserve Banks of Australia and New Zealand are expected to hike several times in 2022.The People’s Bank of China is expected to cut rates in 2022. These divergences will no doubt impact the fixed income environment over the next year.

With regard to performance, the Bloomberg Global Treasuries Index returned -6.6% in U.S. dollar terms as global interest rates picked up from historic lows. In the U.S., the Bloomberg U.S. TIPS Index (+6.0%) outperformed as priced inflation rates hit multi-year highs, and high-yield credit (Bloomberg US Corporate High Yield +5.3%) and bank loans (S&P/LSTA Leveraged Loans +5.2%) outperformed safer credit (Bloomberg US Aggregate -1.5%) as spreads compressed, investors shortened duration, and rates increased. Local-currency denominated emerging market debt (J.P. Morgan GBI-EM GD -8.7%) underperformed hard-currency emerging market debt (JPM EMBI GD -1.5%).

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 15.2% in 2021 before expenses and investment management fees. The rate of return exceeded the actuarial discount rate for the year and outperformed the total fund benchmark of 12.8%. The Plan ranks in the 47th percentile within the public plan universe where the median return was 14.9%. Outperformance relative to the benchmark was largely due to relative performance from the Plan’s non-US Equity allocation, which outperformed by 6.9% on a 1-year basis (15.2% vs 8.3%). Given that non-US equity accounts for approximately 19% of total plan assets, this allocation had a significant impact on overall performance. Positive contribution also came from Real Estate and Domestic Fixed

Verus

Income allocations, each of which handily beat their benchmarks (18.5% vs 17.7% and 0.9% vs -1.5%, respectively).

Policy Adjustments

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

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

The shift to this "Functionally Focused Portfolio" (FFP) is designed to provide additional access to higher earning, private markets investments over time, while maintaining a sufficient liquidity reserve to ensure timely payment of benefits, regardless of market conditions. The overarching expectation is that the portfolio will become more efficient, earning a higher return for each unit of risk incurred. The Plan is on track for transitioning the portfolio to this target allocation and evidenced by the most recent 1-year performance, the move to a FFP is showing positive results.

Recent Developments

The invasion of Ukraine by Russia upset many long-held beliefs about what normal international relations look like in the 21st century. There have been both geopolitical and market impacts – but what matters for investors is what events of this type are likely to mean for their portfolios and for the beneficiaries for whom those portfolios are invested.

Geopolitical risk premia have risen over the past several weeks as the situation in Ukraine has escalated. European equity markets have borne the brunt of the sell-off, particularly in Russia; safe haven currencies have risen; and commodity prices have soared, as investors have digested what an invaded Ukraine and sanctioned Russia might mean for energy and agricultural commodity supplies.

Europe and especially Germany remain reliant on Russian energy, and because of low capital expenditure and investment in new supply, energy prices could well remain high for some time, providing a continued potential boost to already very inflation levels. The possibility of a deal with Iran might unlock some incremental supply later this year, and shale producers in the U.S. could help bolster oil production as well, which likely does provide some absolute limit for the maximum rise of oil prices. However, this may take time to come into effect. On balance, we see a low probability of oil prices heading dramatically higher from these already high levels, or a broader energy crisis, but this cannot be discounted completely depending on how the situation escalates. Longer-term, there is likely to be much more investment in alternative energy (including nuclear) in Europe.

More broadly, from the perspective of central bankers, the general consensus that we are in a rising rate environment and that those rate rises may be fairly material seems to be coming under pressure. While the elevated uncertainty and concomitant growth concerns may ultimately mean that central banks choose more of a slow-and-steady approach to interest rate hikes, asset purchase tapers, and eventually, balance sheet sales later in the year. The Fed has actually continued to adjust the narrative in favor of doing what is necessary to bring inflation under control, and the market is currently pricing in a total of eight fed rate hikes in 2022. We are more sanguine and expect central banks are hoping to demonstrate they are addressing inflation through tough bold words but with potentially less bold actions to follow if conditions require a gentler approach.

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.

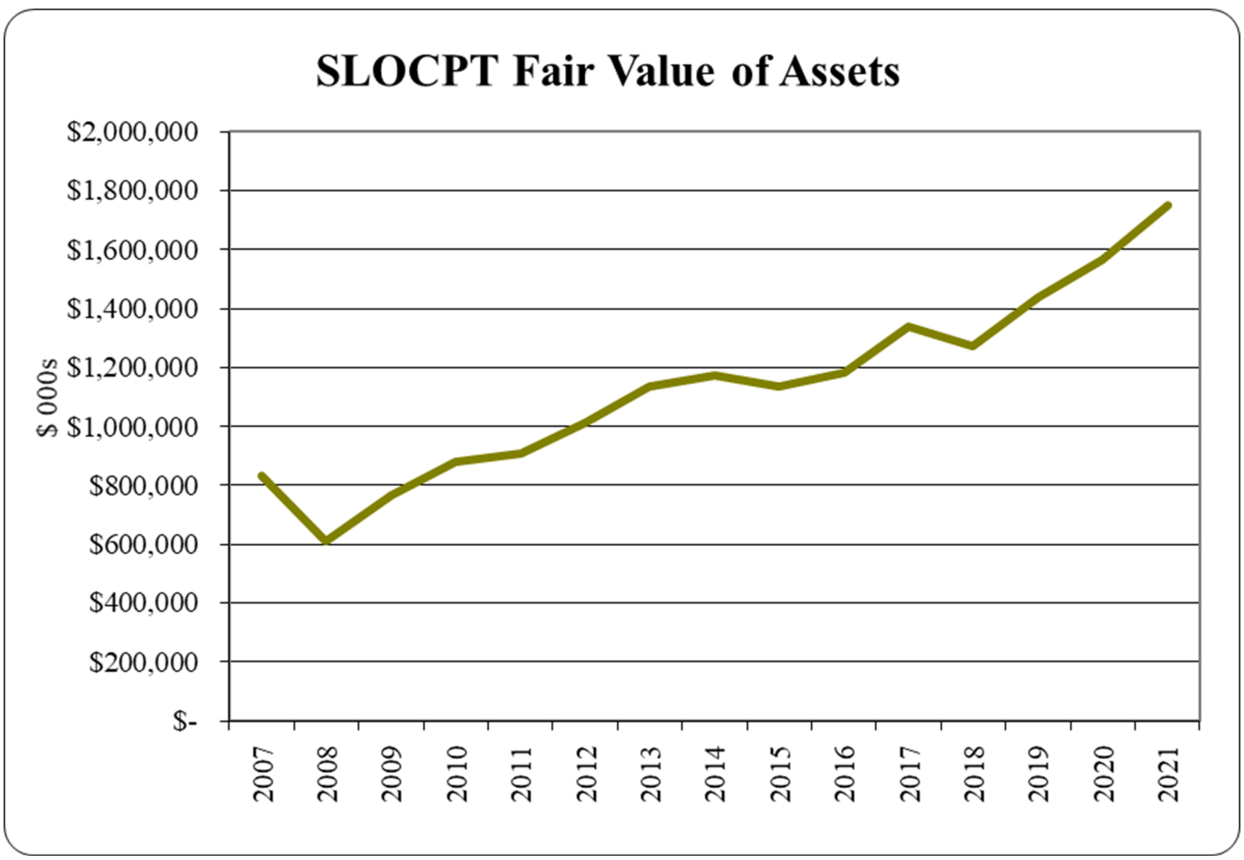
Sincerely,

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

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:



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

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

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

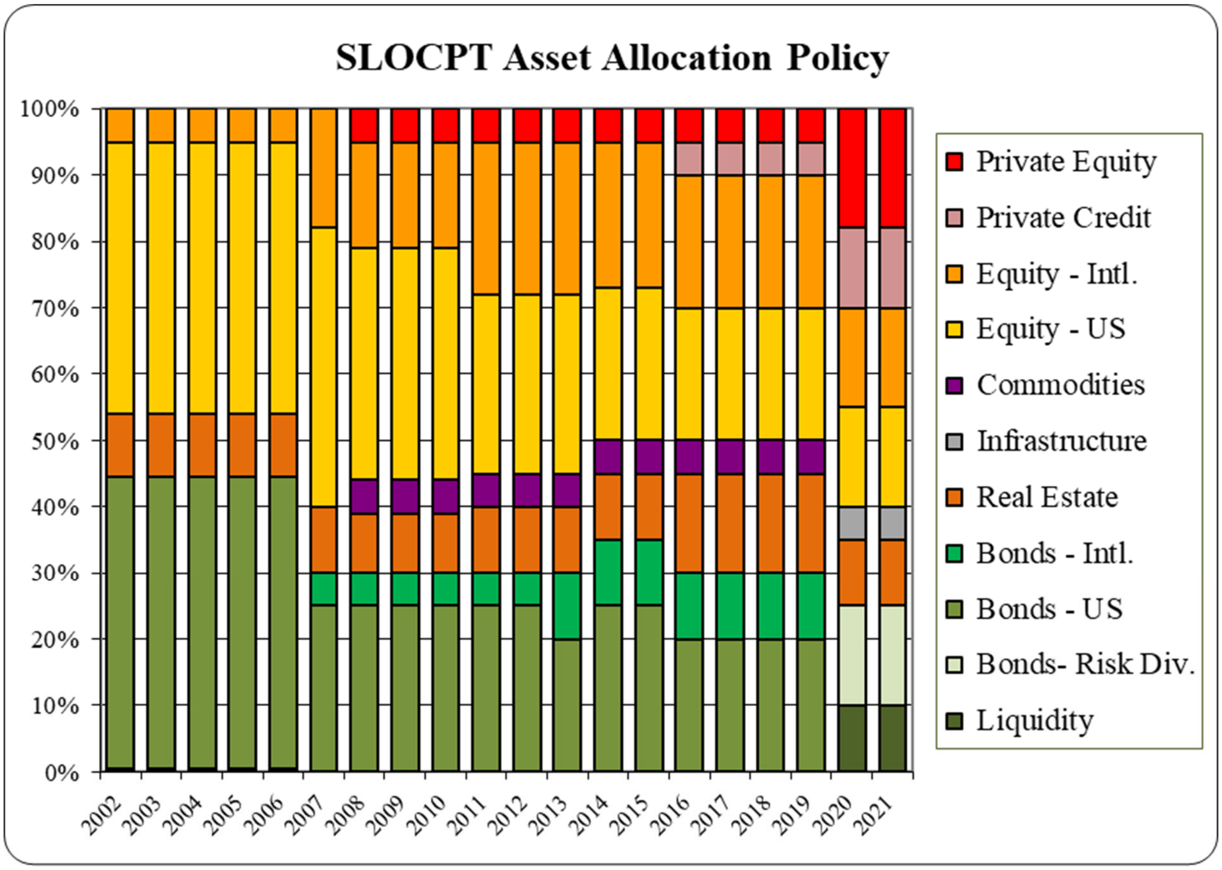
(a) Liquidity target ~ 1.3 yrs gross pension benefits - currently ~\$140m ~10%

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

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

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

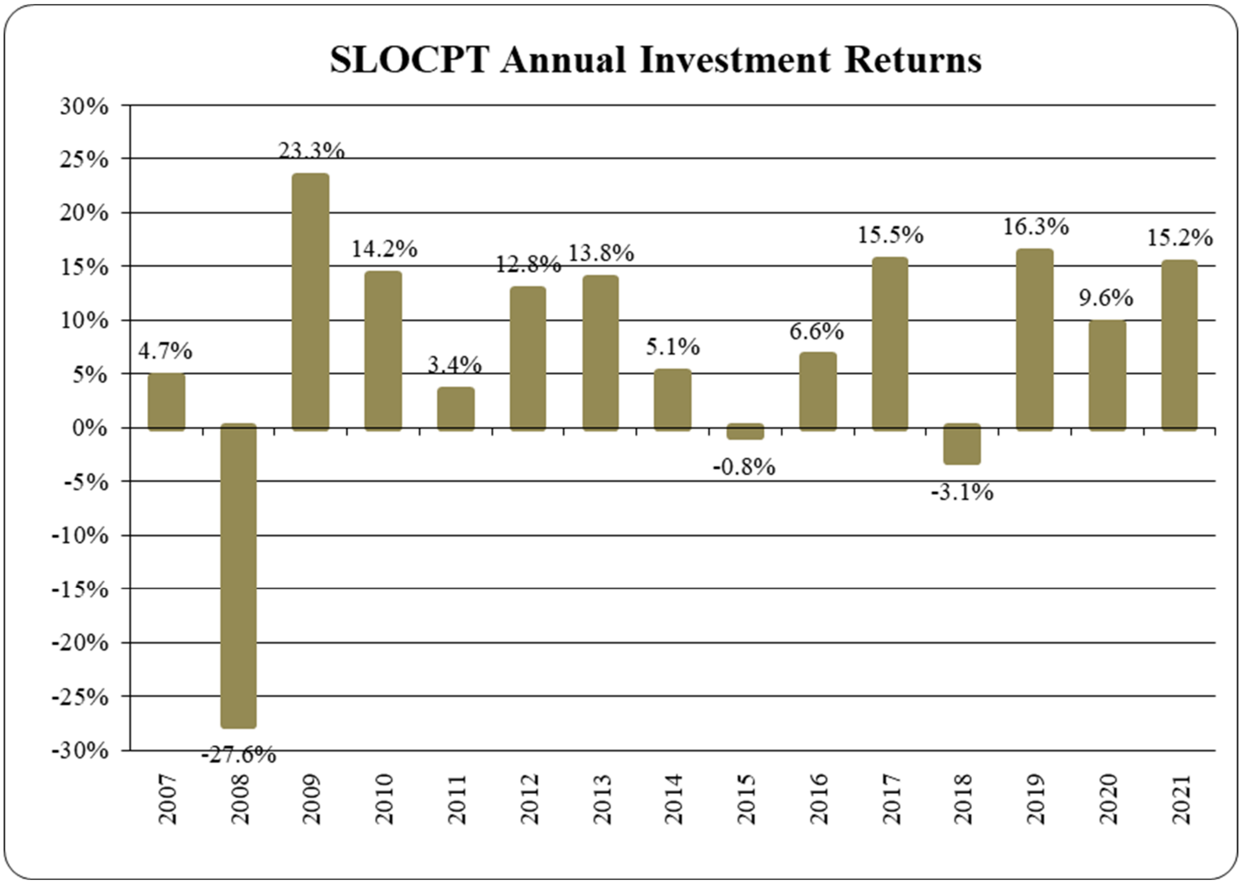
(e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated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



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.

For 2021, SLOCPT achieved a rate of return of 15.2% 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:

	2017	2018	2019	2020	2021
SLOCPT Total Returns	15.5%	-3.2%	16.3%	8.9%	15.2%

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	15.2%	13.7%	10.4%	8.9%	6.5%

Source: Verus 4th Quarter 2021 report

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2021

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	28.3%	18.9%	12.9%	11/2007
Index: S&P 500		*28.7%*	*26.1%*	*18.5%*	
Loomis Sayles Large Cap Growth	g	19.4%	28.1%	22.6%	12/2016
Index: Russell 1000 Growth		*27.6%*	*34.1%*	*25.3%*	
Boston Partners Large Cap Value	g	30.9%	18.6%	*< 5 yrs*	02/2017
Index: Russell 1000 Value		*25.2%*	*17.6%*		
Atlanta Capital	g	23.0%	22.8%	17.5%	08/2010
Index: Russell 2500		*18.2%*	*21.9%*	*13.8%*	
International Equities					
Dodge & Cox	g	11.7%	12.4%	7.9%	12/2007
Index: MSCI ACWI ex US Value		*11.1%*	*8.9%*	*6.6%*	
WCM International Growth	g	18.5%	29.5%	*< 5 yrs*	02/2017
Index: MSCI ACWI ex US Growth		*5.4%*	*18.2%*		
Domestic Fixed Income					
BlackRock Core Bond	g	-1.6%	5.9%	*< 5 yrs*	01/2017
Dodge & Cox Income Fund	g	-0.5%	6.4%	*< 5 yrs*	01/2017
Index: Bloomberg US Aggregate TR		*-1.5%*	*4.8%*		
PAM Bank Loan Fund	g	5.6%	5.9%	4.7%	9/2014
Index: S&P/LSTA Leveraged Loan Index		*5.2%*	*5.6%*	*4.3%*	
SSGA US Govt Bond Index	g	*< 1 yr*			7/2021
Index: Bloomberg US Govt/Credit 1-3 Yr					
BlackRock TIPS	g	*< 1 yr*			9/2021
Index: Bloomberg TIPS TR					
International Fixed Income					
Brandywine Global Fixed Income	g	-4.0%	*< 3 yrs*		06/2020
Index: FTSE WGBI ex US TR		*-9.7%*			
Ashmore Emerging Markets	g	-9.5%	*< 3 yrs*		03/2019
Index: JPM EMBI GD/GBI EM/ELMI+		*-3.9%*			
Real Estate					
ARA American Strategic Value Realty Fund	g	14.0%	8.3%	8.3%	06/2016
JP Morgan Strategic Properties Fund	g	19.9%	7.6%	7.2%	03/2008
Index: NCREIF ODCE/Property		*20.0%*	*8.8%*	*8.3%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2021

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	58.4%	27.9%	24.3%	
Private Equity Benchmark		*58.4%*			
Private Credit					
SSP Diversified Credit Programs	g	25.9%	9.1%	8.0%	11/2016
Private Credit Benchmark		*25.9%*			
Opportunistic					
KKR Mezzanine Debt Fund I					04/2011
SSP TAO Contingent Fund					04/2020
Combined Opportunistic	g	25.6%	5.8%	9.6%	
Index: Russell 3000 + 300BP		*29.4%*	*29.5%*	*21.5%*	
Cash Account					
Treasury Pool		0.8%	1.6%	1.5%	
Investment Cash		*< 1 yr*			6/2021
Index: 91 day T-Bills		*0.0%*	*0.8%*	*1.1%*	
PIMCO Short Duration Fund		*< 1 yr*			7/2021
Index: Bloomberg US Govt/Credit 1-3 Yr					
TOTAL FUND (including Cash)					
Total Fund		**15.2%**	**13.7%**	**10.4%**	
Index: Policy Index at 12/31/21:		*12.8%*	*12.8%*	*9.7%*	
10% Liquidity					
75% Growth					
15% Risk Diversifying					

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, 2021; 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, 2021 (Dollars in Thousands)

Management Fees	2021 Fees		Year-End Assets Under Mgmt.		Fees as % of Year-End Assets (a)
Domestic Equity					
PIMCO RAE Fundamental	*N/A*	(d)	$ 115,072		
Loomis Sayles	$ 514		109,919		0.47%
Boston Partners	*N/A*	(d)	112,644		
Atlanta Capital	621		85,235		0.73%
Total Domestic Equity	1,135		422,870		
International Equity					
Dodge & Cox (mutual fund)	*N/A*	(d)	162,092		
WCM International (mutual fund)	*N/A*	(d)	162,951		
Total International Equity	-		325,043		
Domestic Fixed Income					
BlackRock Core Bond	278		89,012		0.31%
Dodge & Cox Income Fund	*N/A*	(d)	93,211		
PAM Bank Loan Fund	*N/A*	(d)	78,904		
PIMCO Short Duration Fund	*N/A*	(d)	29,731		
SSGA Treasury Fund	3		39,692		0.01%
BlackRock TIPS Fund	*N/A*	(d)	35,398		
Total Domestic Fixed Income	281		365,948		
International and Global Fixed Income					
Brandywine	319		59,195		0.54%
Ashmore Emerging Markets	*N/A*	(d)	67,369		
Total International and Global Fixed Income	319		126,564		
Real Estate					
ARA American Strategic Value Realty Fund	*N/A*	(d)	53,789		
JP Morgan Strategic Properties Fund	1,279		166,853		0.77%
Total Real Estate	1,279		220,642		
Private Equity/Credit					
HarbourVest Fund IX (buyout)	*N/A*	(d)	18,563		
HarbourVest 2018 Global Fund	*N/A*	(d)	18,598		
Pathway Private Equity Fund 9	*N/A*	(d)	85,468		
Pathway Private Equity Fund 10	*N/A*	(d)	8,784		
SSP Diversified Credit Programs	*N/A*	(d)	79,246		
SSP TAO Contingent Fund	304		28,306		1.07%
KKR Mezzanine Debt Fund I	8		5,206		0.16%
Total Private Equity/Credit	312		244,171		
Cash Overlay					
Parametric	5		-	(b)	*N/A*
Total Management Fees	$ 3,331				

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

For the Year Ended December 31, 2021 (Dollars in Thousands)

Other Investment Expenses	2021 Fees	Year-End Assets Under Mgmt.	Fees as % of Year-End Assets
Custodian Fees	278		0.02%
Investment Consultant	295		0.02%
Other Investment Consultant Expenses	70		0.00%
Other Investment Expenses	-		0.00%
Total Other Investment Expenses	643		0.04%
TOTAL INVESTMENT EXPENSES AND ASSETS UNDER MANAGEMENT	**$ 3,974**	**$ 1,705,238**	**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 was closed before December 31, 2021.

(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.

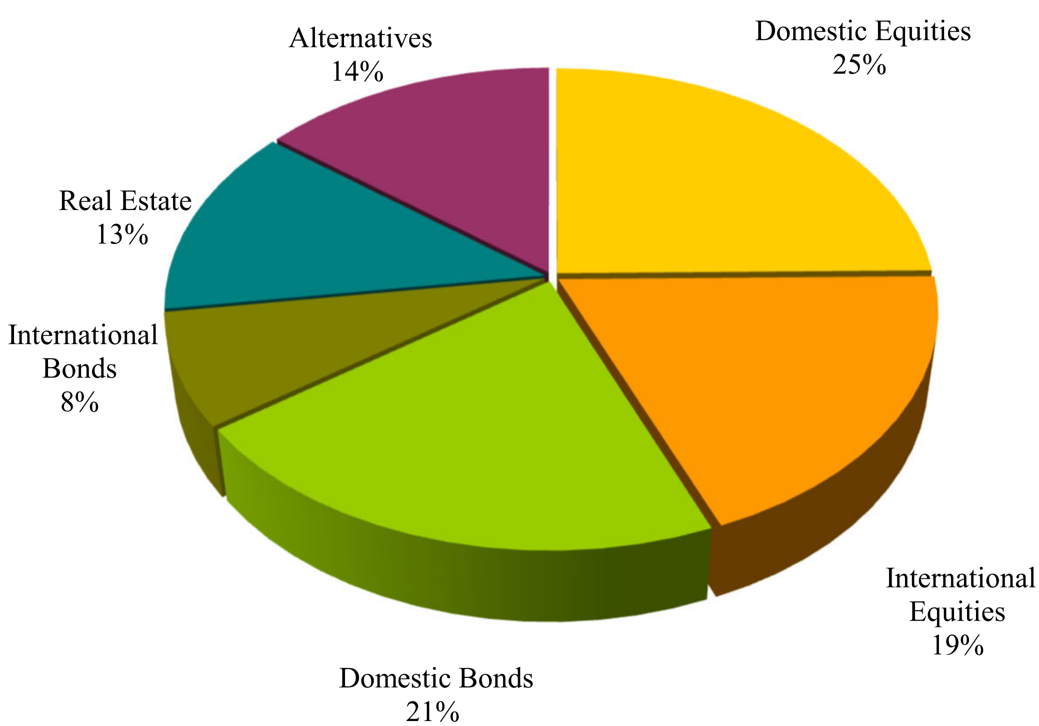
San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2021 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 422,870	24.80%
International Equities	325,043	19.06%
Fixed Income		
Domestic Bonds, Mortgages, Notes	360,862	21.16%
International Bonds	131,650	7.72%
Real Estate	220,642	12.94%
Alternatives	244,171	14.32%
TOTAL INVESTMENTS	$ 1,705,238	100.00%

TOTAL INVESTMENTS - December 31, 2021



San Luis Obispo County Pension Trust

Schedule of Largest Stock and Bond Holdings

As of December 31, 2021 By Fair Value

Largest Stock Holdings		Shares	Fair Value
1	CARLISLE COS INC COMMON STOCK USD 1	16,743	$ 4,154,273
2	WR BERKLEY CORP COMMON STOCK USD 0.2	49,804	4,103,352
3	JB HUNT TRANSPORT SERVICES INC COMMON STOCK USD 0.01	16,244	3,320,274
4	ARAMARK COMMON STOCK USD 0.01	87,561	3,226,623
5	ENVISTA HOLDINGS CORP COMMON STOCK USD 0.01	64,545	2,908,398
6	BROWN & BROWN INC COMMON STOCK USD 0.1	33,520	2,355,786
7	TERMINIX GLOBAL HOLDINGS INC	51,352	2,322,651
8	MORNINGSTAR INC COMMON STOCK USD 0	6,465	2,210,965
9	DOLBY LABORATORIES INC COMMON STOCK USD 0.001	22,105	2,104,838
10	SEI INVESTMENTS CO COMMON STOCK USD 0.01	34,529	2,104,197
	Total of 10 Largest Stock Holdings		$ 28,811,357

Largest Bond Holdings		Par Value	Fair Value
1	TBA UMBS SINGLE FAMILY 30YR 2 1/22 2.00%	$ 998,000	$ 994,925
2	UMBS MORTPASS 4% 01/NOV/2041	830,907	913,503
3	UMBS MORTPASS 2% 01/OCT/2051	840,703	838,890
4	TBA GNMA2 SINGLE FAMILY 30YR 2 1/22 2.00%	822,000	829,421
5	TBA UMBS SINGLE FAMILY 15YR 1.5 1/22 1.50%	800,000	802,141
6	UMBS MORTPASS 2% 01/DEC/2051	773,993	772,323
7	TBA UMBS SINGLE FAMILY 30YR 1.5 1/22 1.50%	750,000	724,252
8	TBA UMBS SINGLE FAMILY 30YR 2.5 1/22 2.50%	694,000	708,046
9	FHLMCGLD MORTPASS 3.5% 01/DEC/2046	536,064	577,849
10	FHLMCGLD MORTPASS 4.5% 01/SEP/2046	499,471	549,610
	Total of 10 Largest Bond Holdings		$ 7,710,960

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, 2021.

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, 2021 valuation. It is based on member data and financial results through December 31, 2020. SLOCPT's actuary, Cheiron, completed this annual valuation during 2021. The most recent Biennial Actuarial Experience Study, as of January 1, 2020, was completed by the prior actuary, Gabriel Roeder Smith & Company 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 and the subsequent January 1, 2021, Annual Actuarial Valuation.

The Annual Actuarial Valuation as of January 1, 2021, including actuarial assumptions was approved by the Board on June 28, 2021.

The Annual Actuarial Valuation as of January 1, 2022, based on data through December 31, 2021, is in the process of completion at the time of the publication of this ACFR.

March 30, 2022

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

Actuarial Certification – Actuarial Valuation as of January 1, 2021

Dear Board of Trustees:

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) for the San Luis Obispo County Pension Trust (SLOCPT, the Trust) for the year ended December 31, 2021.

Actuarial Valuation Used for Funding Purposes

The purpose of the annual Actuarial Valuation Report performed as of January 1, 2021 is to determine the actuarial funded status of the Trust on that date and to calculate the total Actuarially Determined Contribution. Please refer to that report for additional information related to the funding of the Trust.

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

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

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

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

Actuarial Valuation Used for Financial Reporting Purposes

For financial reporting purposes, the Total Pension Liability (TPL) is based on the January 1, 2021 actuarial valuation updated to the measurement date of December 31, 2021. The TPL reflects a change in the assumptions effective with the January 1, 2021 valuation.

Please refer to our GASB 67/68 report as of December 31, 2021 for additional information related to the financial reporting of the Trust. The following schedules can be found in our GASB report for inclusion in the Financial Section of the ACFR.

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

Funding Objective and Policy

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

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

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability (UAL). The UAL is amortized as a percentage of payroll of SLOCPT. The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability (19 years remaining as of January 1, 2021). Effective with the January 1, 2019 actuarial valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

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

Assumptions

The actuarial assumptions used in performing the January 1, 2021 valuation were recommended by the prior actuary and adopted by the Board of Trustees based on the Actuarial Experience Study dated May 5, 2020 for the period covering January 1, 2015 through December 31, 2019. We reviewed the assumptions and found them to be reasonable. The assumptions and methods used for funding purposes were developed in compliance with the actuarial standards of practice as they relate to pension plans. The assumptions reflect the likely future experience of the Trust and the assumptions both individually and as a whole represent the best estimate for the future experience of the Trust.

Effective with the January 1, 2021 valuation, the assumed rate of investment return (discount rate) was reduced from 6.875%, net of all expenses, to 6.75%, net of investment expenses only. In addition, an explicit administrative expense assumption of $2.3 million was added to the Actuarially Determined Contribution. The administrative expenses are assumed to increase annually at 2.75%, the payroll growth rate. Both of these assumption changes were adopted by the Board of Trustees at their May 24, 2021 Board meeting.

Certification

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

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

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

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

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

Sincerely,
Cheiron

Anne D. Harper, FSA, MAAA, EA	Alice I. Alsberghe, ASA, MAAA, EA
Principal Consulting Actuary	Consulting Actuary

Contribution Allocation Procedure

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

1. **Actuarial Cost Method**

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

2. **Asset Valuation Method**

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

3. **Amortization Method**

   The UAL (or Surplus Funding) is amortized as a percentage of the projected SLOCPT salaries. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (19 years remaining as of January 1, 2021). Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll.

4. **Contributions**

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

Actuarial Assumptions

The return and administrative experience assumptions were adopted by the Board at their May 24, 2021 meeting, based on information presented by Cheiron and the Trust's investment consultant (Verus) updated capital market assumptions. The other assumptions used in the valuation report reflect the results of an Experience Study performed by the prior actuary covering the period from January 1, 2015 through December 31, 2019 and adopted by the Board for the January 1, 2020 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated May 5, 2020.

1. **Rate of Return**

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

2. **Administrative Expenses**

   Administrative expenses are assumed to be $2.3 million. Administrative expenses are assumed to increase by the assumed salary growth of 2.75% each year.

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

   The cost-of-living as measured by the Consumer Price Index (CPI) are assumed to increase at the rate of 2.50% per year for Tier 1 Members, and 2.0% for Tier 2 and 3 Members. The 2.50% assumption is also used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

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

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

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

   The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

6. **Interest on Member Contributions**

   The annual credited interest rate on member contributions is assumed to be 6.00%. The actual crediting rate was changed to 5.875% at the November 2020 Board meeting, with Additional Contributions credited at 0.28%.

7. Family Composition

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

Percentage Married	
Gender	Percentage
Males	80%
Females	60%

8. Increases in Pay

Price inflation component: 2.25%
Productivity increase component: 0.50%
Additional Merit component based on service:

Merit Increases		Total Increases	
Service	Rate	Service	Rate
0	5.25%	0	8.00%
1	5.00%	1	7.75%
2	4.00%	2	6.75%
3	3.00%	3	5.75%
4	2.00%	4	4.75%
5	1.00%	5	3.75%
6	0.50%	6	3.25%
7+	0.00%	7+	2.75%

Increases are compound rather than additive.

9. Payroll Growth

Price inflation component: 2.25%
Productivity increase component: 0.50%
Total Payroll Growth: 2.75%

10. Rates of Termination

Rates of termination based on age and group are shown in the following table below. Vested termination rates are applied after the member is eligible for reduced or unreduced retirement benefits.

Rates of Vested Termination		
Age	Miscellaneous	Safety and Probation
24 or less	10.00%	3.00%
25	10.00%	2.00%
26	10.00%	2.00%
27	10.00%	2.00%
28	10.00%	2.00%
29	10.00%	2.00%
30	7.50%	1.50%
31	7.50%	1.50%
32	7.50%	1.50%
33	7.50%	1.50%
34	7.50%	1.50%
35	5.00%	1.50%
36	5.00%	1.50%
37	5.00%	1.50%
38	5.00%	1.50%
39	5.00%	1.50%
40	4.00%	1.50%
41	4.00%	1.50%
42	4.00%	1.50%
43	4.00%	1.50%
44	4.00%	1.50%
45	4.00%	1.50%
46	4.00%	1.50%
47	4.00%	1.50%
48	4.00%	1.50%
49	4.00%	1.50%
50	3.00%	1.50%
51	3.00%	1.50%
52	3.00%	1.50%
53	3.00%	1.50%
54	3.00%	1.50%
55	2.00%	0.00%
56	2.00%	
57	2.00%	
58	2.00%	
59	2.00%	
60 or more	0.00%	

Termination rates do not apply once a member is eligible for retirement.

11. Rates of Withdrawal

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

Rates of Withdrawal				
	Miscellaneous		Safety and Probation	
Age	<5 YOS	>= 5 YOS	<5 YOS	>= 5 YOS
24 or less	14.50%	8.50%	5.20%	1.50%
25	13.00%	7.75%	5.00%	1.50%
26	13.00%	7.75%	5.00%	1.50%
27	13.00%	7.75%	5.00%	1.50%
28	13.00%	7.75%	5.00%	1.50%
29	13.00%	7.75%	5.00%	1.50%
30	11.50%	3.75%	4.70%	1.50%
31	11.50%	3.75%	4.70%	1.00%
32	11.50%	3.75%	4.70%	1.00%
33	11.50%	3.75%	4.70%	1.00%
34	11.50%	3.75%	4.70%	1.00%
35	10.00%	2.00%	4.00%	1.00%
36	10.00%	2.00%	4.00%	0.50%
37	10.00%	2.00%	4.00%	0.50%
38	10.00%	2.00%	4.00%	0.50%
39	10.00%	2.00%	4.00%	0.50%
40	10.00%	1.25%	3.50%	0.50%
41	10.00%	1.25%	3.50%	0.50%
42	10.00%	1.25%	3.50%	0.50%
43	10.00%	1.25%	3.50%	0.50%
44	10.00%	1.25%	3.50%	0.50%
45	8.00%	0.50%	2.50%	0.50%
46	8.00%	0.50%	2.50%	0.00%
47	8.00%	0.50%	2.50%	
48	8.00%	0.50%	2.50%	
49	8.00%	0.50%	2.50%	
50	6.00%	0.00%	1.50%	
51	6.00%		1.50%	
52	6.00%		1.50%	
53	6.00%		1.50%	
54	6.00%		1.50%	
55	6.00%		0.00%	
56	6.00%			
57	6.00%			
58	6.00%			
59	6.00%			
60	6.00%			
61	6.00%			
62	6.00%			
63	6.00%			
64	6.00%			
65 or more	0.00%			

12. Reciprocal Transfers

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

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of 2.75%.

13. Rates of Disability

Representative disability rates of active participants are shown below.

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

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

14. Rates of Mortality for Healthy Lives

Mortality rates for active members are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

Mortality rates for healthy annuitants are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019 with a 99% multiplier for males, and a 101% multiplier for females.

15. Rates of Mortality for Disabled Lives

Mortality rates for disabled members are based on distinct Public General 2010 Amount-Weighted Above-Median Income Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

16. Rates of Retirement

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

	Rates of Retirement					
	Tier 1			Tiers 2 and 3		
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
<50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	2.00%	7.50%	25.00%	3.00%	7.50%	9.00%
51	2.00%	7.50%	20.00%	3.00%	7.50%	9.00%
52	2.00%	7.50%	10.00%	3.00%	7.50%	10.00%
53	2.00%	7.50%	10.00%	3.00%	7.50%	10.00%
54	4.00%	7.50%	12.00%	3.00%	7.50%	10.00%
55	6.00%	25.00%	40.00%	6.00%	7.50%	10.00%
56	6.00%	25.00%	30.00%	6.00%	7.50%	10.00%
57	8.00%	25.00%	30.00%	6.00%	7.50%	10.00%
58	8.00%	12.00%	12.00%	6.00%	9.00%	11.00%
59	8.00%	12.00%	18.00%	6.00%	9.00%	15.00%
60	10.00%	15.00%	25.00%	8.00%	10.00%	20.00%
61	10.00%	15.00%	30.00%	8.00%	10.00%	25.00%
62	25.00%	20.00%	40.00%	25.00%	20.00%	30.00%
63	20.00%	20.00%	50.00%	20.00%	20.00%	40.00%
64	20.00%	20.00%	75.00%	20.00%	20.00%	60.00%
65	40.00%	100.00%	100.00%	40.00%	100.00%	100.00%
66	40.00%			40.00%		
67	30.00%			30.00%		
68	30.00%			30.00%		
69	30.00%			30.00%		
70	100.00%			100.00%		

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

17. Changes Since Last Valuation

The assumed rate of investment return assumption was decreased from 6.875%, net of all expenses, to 6.75%, net of only investment expenses.

An explicit administrative expense assumption was added and assumed to be $2.3 million increasing annually at a rate of 2.75% per year.

Schedule of Active Member Valuation Data

January 1,	Active Members Number	Active Members % Increase	Annual Payroll Amount	Annual Payroll % Increase	Average Payroll Amount	Average Payroll % Increase
2011	2,479	-1.1%	$ 161,783,273	0.8%	$ 65,262	1.9%
2012	2,446	-1.3%	161,054,639	-0.5%	65,844	0.9%
2013	2,495	2.0%	164,299,413	2.0%	65,851	0.0%
2014	2,521	1.0%	164,704,467	0.2%	65,333	-0.8%
2015	2,550	1.2%	167,695,432	1.8%	65,763	0.7%
2016	2,609	2.3%	177,003,887	5.6%	67,844	3.2%
2017	2,675	2.5%	185,019,748	4.5%	69,166	1.9%
2018	2,722	1.8%	196,848,084	6.4%	72,317	4.6%
2019	2,725	0.1%	200,537,472	1.9%	73,592	1.8%
2020	2,752	1.0%	205,694,036	2.6%	74,743	1.6%
2021	2,747	-0.2%	214,043,738	4.1%	77,919	4.2%

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

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

Valuation Date Jan 1,	Added to Rolls Count	Added to Rolls Allowances	Removed from Rolls Count	Removed from Rolls Allowances	Rolls at Valuation Date Count	Rolls at Valuation Date Annual Benefits	Average Annual Benefit	Increase in Average Benefit
2011	113	$ 3,290,962	57	$ 530,316	1,946	$ 48,431,618	$ 24,888	4.7%
2012	134	4,109,419	40	568,150	2,040	51,967,375	25,474	2.4%
2013	150	5,235,834	43	813,919	2,147	57,242,887	26,662	4.7%
2014	152	4,469,386	49	890,436	2,250	62,026,694	27,567	3.4%
2015	200	6,983,929	49	877,814	2,401	69,067,723	28,766	4.3%
2016	168	5,858,191	52	1,099,047	2,517	74,864,386	29,743	3.4%
2017	161	5,982,085	60	1,350,465	2,618	80,486,911	30,744	3.4%
2018	181	7,428,520	54	1,164,837	2,745	88,353,092	32,187	4.7%
2019	188	6,817,615	65	1,583,470	2,868	95,882,264	33,432	3.9%
2020	154	5,848,312	54	1,153,684	2,968	103,407,204	34,841	4.2%
2021	161	6,864,853	59	1,252,479	3,070	111,745,910	36,399	4.5%

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

Schedule of Funded Liabilities by Type

Valuation Date January 1,	(A) Active Member Contributions	(B) Retirees, Beneficiaries, and Term Vested	(C) Remaining Active Members' Liabilities	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets (A)	(B)	(C)
2011	237,579,705	$ 675,765,795	368,712,835	$ 1,000,168,850	100%	100%	24%
2012	237,391,846	760,436,073	380,721,395	1,057,921,875	100%	100%	16%
2013	258,760,824	844,338,635	364,901,219	1,122,150,539	100%	100%	5%
2014	273,309,118	906,484,213	338,957,696	1,182,923,978	100%	100%	1%
2015	281,229,850	1,007,167,130	317,194,229	1,231,473,577	100%	94%	0%
2016	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	85%	0%
2017	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	81%	0%
2018	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	78%	0%
2019	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	74%	0%
2020	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	71%	0%
2021	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	70%	0%

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

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

Schedule of Funding Progress
(dollars in thousands)

Valuation Date	Actuarial Value of Assets[1]	Actuarial Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
12/31/2011	$1,057,922	$1,334,545	$276,623	79.3%	$161,055	171.8%
12/31/2011 [2,3]	1,057,922	1,378,549	320,627	76.7%	161,055	199.1%
12/31/2012 [3]	1,122,151	1,468,001	345,850	76.4%	164,299	210.5%
12/31/2013 [2,4]	1,182,924	1,518,751	335,827	77.9%	164,704	203.9%
12/31/2014	1,231,474	1,605,591	374,117	76.7%	167,695	223.1%
12/31/2015	1,248,328	1,686,497	438,169	74.0%	177,004	247.5%
12/31/2015 [2]	1,248,328	1,749,342	501,014	71.4%	177,004	283.1%
12/31/2016	1,268,405	1,827,342	558,937	69.4%	185,020	302.1%
12/31/2017	1,328,750	1,937,173	608,423	68.6%	196,848	309.1%
12/31/2017 [2]	1,328,750	1,945,681	616,931	68.3%	196,848	313.4%
12/31/2018	1,362,562	2,029,929	667,367	67.1%	200,537	332.8%
12/31/2019	1,416,763	2,116,700	699,937	66.9%	205,694	340.3%
12/31/2019 [2]	1,416,763	2,170,071	753,308	65.3%	205,694	366.2%
12/31/2020	1,506,270	2,277,428	771,158	66.1%	214,044	360.3%
12/31/2020 [2]	1,506,270	2,313,128	806,858	65.1%	214,044	377.0%

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

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

12/31/2011	$7,462,567	12/31/2016	$3,961,371
12/31/2012	6,606,149	12/31/2017	3,267,574
12/31/2013	5,942,492	12/31/2018	2,784,819
12/31/2014	5,295,316	12/31/2019	2,598,886
12/31/2015	4,362,000	12/31/2020	2,265,799

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

Development of Actuarial Value of Assets for January 1, 2021						
		Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2020
1)	Actuarial Value of Assets as of Beginning of Year	$ 1,248,327,560	$ 1,268,404,900	$ 1,328,750,029	$ 1,362,561,581	$ 1,416,762,603
2)	Non-Investment Cash Flow	(23,509,152)	(15,849,141)	(15,432,525)	(22,671,149)	(20,973,205)
3)	Expected Return	88,105,825	89,809,223	92,481,499	94,599,241	96,693,458
4)	Expected Actuarial Value of Assets [(1) + (2) + (3)]	$ 1,312,924,233	$ 1,342,364,982	$ 1,405,799,003	$ 1,434,489,673	$ 1,492,482,856
5)	Actual Return on Market Value	$ 68,949,306	$ 175,077,305	$ (53,418,413)	$ 190,055,268	$ 148,295,197
6)	Actual Return Above Expected [(5) - (3)]	$ (19,156,519)	$ 85,268,082	$ (145,899,912)	$ 95,456,027	$ 51,601,739
7)	Recognition of Returns Above / (Below) Expected					
	a) Current Year (20% of 6.)	$ (3,831,304)	$ 17,053,616	$ (29,179,982)	$ 19,091,205	$ 10,320,348
	b) First Prior Year	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
	c) Second Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
	d) Third Prior Year	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616
	e) Fourth Prior Year	6,442,404	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)
	f) Continued Recognition of 2008 Asset Loss	(29,936,396)	(9,936,396)	0	0	0
	g) Total Recognition of Returns	$ (44,919,962)	$ (14,308,750)	$ (43,720,177)	$ (17,913,003)	$ 13,453,883
8)	**Preliminary Actuarial Value of Assets [(4) + (7g)]**	**$ 1,268,004,271**	**$ 1,328,056,232**	**$ 1,362,078,826**	**$ 1,416,576,670**	**$ 1,505,936,739**
9)	Excludable Assets: Additional Annuity Reserve					
	a) Beginning of Year	4,362,000	3,961,371	3,267,574	2,784,819	2,598,886
	b) End of Year	3,961,371	3,267,574	2,784,819	2,598,886	2,265,799
	c) Change in Excludable Assets [(9b) - (9a)]	(400,629)	(693,797)	(482,755)	(185,933)	(333,087)
10)	**Final Actuarial Value of Assets [(8) - (9c)]**	**$ 1,268,404,900**	**$ 1,328,750,029**	**$ 1,362,561,581**	**$ 1,416,762,603**	**$ 1,506,269,826**
11)	Investment Return	3.49%	5.99%	3.69%	5.68%	7.86%

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

All actuarial calculations are based on our understanding of the statutes governing the SLOCPT as pursuant to Government Code Section 53219 and San Luis Obispo County Code Chapter 2.56 with provisions adopted by the County Board of Supervisors, or the SLOCPT Board of Trustees, effective through December 31, 2020. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

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

A. Membership in Retirement Plans

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

B. Tiers

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

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

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

C. Member Contributions

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

D. Final Compensation

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

Pick up percentages for each applicable bargaining unit shown below:

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

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

E. Service Retirement

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

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

Retirement Age Factors:

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

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

[2] *Safety Bargaining Units 10 &16 and Sworn Bargaining Units 15, 27, 28*

[3] *Non-Sworn Safety members*

[4] *Safety Bargaining Units 6 & 7 and Sworn Safety members*

Maximum Benefit:

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

Tier 2: 90% of Final Compensation

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

F. Normal Form of Benefit:

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

G. Optional Retirement Allowance:

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

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

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

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

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

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

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

I. Line-of-Duty Disability

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

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

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

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

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

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

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

L. Line-of-Duty Death

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

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

M. Post-Retirement Death Benefit

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

N. Cost-of-Living Increases

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

O. Withdrawal Benefits

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

P. Deferred Retirement Option Program (DROP)

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

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

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.

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

The actuarial data presented in this Statistical Section is based on the January 1, 2021, Annual Actuarial Valuation which reflects data as of December 31, 2020.

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

	2021	2020	2019	2018	2017
Additions					
Employer Appropriations	$ 61,177	$ 56,306	$ 48,958	$ 46,243	$ 42,341
Plan Member Contributions	36,700	35,888	32,983	32,953	30,467
Net Investment Income (Loss)	210,985	152,251	193,721	(50,033)	178,640
Other Income	22	36	19	-	-
Total Additions	$ 308,884	$ 244,481	$ 275,681	$ 29,163	$ 251,448
Deductions					
Service Retirement Benefits	$ 101,157	$ 93,153	$ 86,853	$ 79,120	$ 72,074
Disability Retirement Benefits	4,273	4,151	3,777	3,506	3,305
Beneficiary Retirement Benefits	6,231	6,714	5,326	4,845	4,435
Deferred Retirement Option Program	5,708	5,117	5,265	5,341	5,238
Total Retirement Benefits	$ 117,369	$ 109,135	$ 101,221	$ 92,812	$ 85,052
Refunds	3,315	3,168	3,292	1,757	2,857
Death Benefits	441	865	118	60	748
Administrative Expense	2,797	2,570	2,120	1,972	2,046
Discount Amortization	1,325	1,421	1,546	1,413	1,517
Total Deductions	$ 125,247	$ 117,159	$ 108,297	$ 98,014	$ 92,220
Net Increase (Decrease) in Fiduciary Net Position	$ 183,637	$ 127,322	$ 167,384	$ (68,851)	$ 159,228

	2016	2015	2014	2013	2012
Additions					
Employer Appropriations	$ 35,452	$ 33,618	$ 32,047	$ 30,796	$ 30,942
Plan Member Contributions	25,359	24,587	24,415	24,460	25,207
Net Investment Income (Loss)	68,949	(16,706)	51,667	131,842	108,818
Total Additions	$ 129,760	$ 41,499	$ 108,129	$ 187,098	$ 164,967
Deductions					
Service Retirement Benefits	$ 66,623	$ 61,796	$ 56,186	$ 50,919	$ 46,535
Disability Retirement Benefits	3,214	3,150	2,972	2,879	2,746
Beneficiary Retirement Benefits	4,156	3,824	3,541	3,352	2,905
Deferred Retirement Option Program	4,201	3,672	3,464	3,087	2,362
Total Retirement Benefits	$ 78,194	$ 72,442	$ 66,163	$ 60,237	$ 54,548
Refunds	2,247	1,613	1,629	2,374	1,138
Death Benefits	243	999	303	150	125
Administrative Expense	2,249	2,528	2,085	2,054	2,070
Discount Amortization	1,387	1,450	332	-	-
Total Deductions	$ 84,320	$ 79,032	$ 70,512	$ 64,815	$ 57,881
Net Increase (Decrease) in Fiduciary Net Position	$ 45,440	$ (37,533)	$ 37,617	$ 122,283	$ 107,086

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

Source: SLOCPT detailed retiree payroll journals 2012-2021 data

San Luis Obispo County Pension Trust

Average Benefit Payments by Years of Credited Service

Last 10 fiscal years

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

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, 2021

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$0-$9,999						
Miscellaneous	380	21	63	2	466	14.7%
Probation	8	-	-	1	9	0.3%
Safety	21	-	1	-	22	0.7%
subtotal	**409**	**21**	**64**	**3**	**497**	**15.7%**
$10,000-$19,999						
Miscellaneous	540	28	58	-	626	19.7%
Probation	8	-	-	-	8	0.3%
Safety	26	-	6	1	33	1.0%
subtotal	**574**	**28**	**64**	**1**	**667**	**21.0%**
$20,000-$29,999						
Miscellaneous	413	27	27	5	472	14.9%
Probation	9	1	3	-	13	0.3%
Safety	26	5	11	1	43	1.4%
subtotal	**448**	**33**	**41**	**6**	**528**	**16.6%**
$30,000-$39,999						
Miscellaneous	285	6	22	3	316	10.0%
Probation	6	3	1	-	10	0.3%
Safety	18	14	6	1	39	1.2%
subtotal	**309**	**23**	**29**	**4**	**365**	**11.5%**
$40,000-$49,999						
Miscellaneous	192	3	14	6	215	6.8%
Probation	7	2	2	-	11	0.3%
Safety	21	14	7	1	43	1.4%
subtotal	**220**	**19**	**23**	**7**	**269**	**8.5%**
$50,000-$59,999						
Miscellaneous	142	-	7	9	158	4.9%
Probation	14	-	-	-	14	0.4%
Safety	23	7	5	2	37	1.2%
subtotal	**179**	**7**	**12**	**11**	**209**	**6.5%**

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2021

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	117	1	4	9	131	4.1%
Probation	6	-	-	-	6	0.2%
Safety	28	-	-	3	31	1.0%
subtotal	**151**	**1**	**4**	**12**	**168**	**5.3%**
$70,000-$79,999						
Miscellaneous	87	-	5	4	96	3.0%
Probation	3	-	-	-	3	0.1%
Safety	31	6	1	6	44	1.4%
subtotal	**121**	**6**	**6**	**10**	**143**	**4.5%**
$80,000-$89,999						
Miscellaneous	63	-	1	6	70	2.2%
Probation	4	-	-	-	4	0.1%
Safety	25	3	-	6	34	1.1%
subtotal	**92**	**3**	**1**	**12**	**108**	**3.4%**
$90,000-$99,999						
Miscellaneous	29	-	1	2	32	1.0%
Probation	2	-	-	-	2	0.1%
Safety	15	1	-	3	19	0.6%
subtotal	**46**	**1**	**1**	**5**	**53**	**1.7%**
$100,000+						
Miscellaneous	110	-	3	6	119	3.8%
Probation	6	-	-	1	7	0.2%
Safety	31	2	2	4	39	1.3%
subtotal	**147**	**2**	**5**	**11**	**165**	**5.3%**
CUMULATIVE TOTAL						
Miscellaneous	**2,358**	**86**	**205**	**52**	**2,701**	**85.1%**
Probation	**73**	**6**	**6**	**2**	**87**	**2.6%**
Safety	**265**	**52**	**39**	**28**	**384**	**12.3%**
	2,696	**144**	**250**	**82**	**3,172**	**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, 2021,
based on data as of December 31, 2020.

Active Members (all classes)		Average Age	Average Service	Average Annual Pay
	2020	44.3	8.7	$ 77,923
	2019	44.4	8.9	74,743
	2018	44.7	9.1	73,592
	2017	45.1	9.3	72,317
	2016	45.5	9.7	69,166
	2015	46.1	10.1	67,844
	2014	46.6	10.4	65,763
	2013	47.1	10.9	65,333
	2012	47.4	10.9	65,851
	2011	47.7	11.1	65,844

Number of Members		Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
	2020	2,747	573	2,924	146	6,390
	2019	2,752	531	2,823	145	6,251
	2018	2,725	489	2,727	141	6,082
	2017	2,722	464	2,608	137	5,931
	2016	2,675	460	2,481	137	5,753
	2015	2,609	450	2,382	135	5,576
	2014	2,550	451	2,262	139	5,402
	2013	2,521	460	2,117	133	5,231
	2012	2,495	445	2,015	132	5,087
	2011	2,446	449	1,911	129	4,935

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
2021							
Tier 1	801	70	9	-	-	1	881
Tier 2	280	-	1	-	6	2	289
Tier 3	1,526	56	10	3	6	5	1,606
Total	**2,607**	**126**	**20**	**3**	**12**	**8**	**2,776**
% of total	93.9%	4.6%	0.7%	0.1%	0.4%	0.3%	
2020							
Tier 1	905	77	10	-	-	1	993
Tier 2	293	-	-	-	6	2	301
Tier 3	1,386	45	10	1	6	5	1,453
Total	**2,584**	**122**	**20**	**1**	**12**	**8**	**2,747**
% of total	94.1%	4.5%	0.7%	0.0%	0.4%	0.3%	
2019							
Tier 1	1,031	85	14	2	-	1	1,133
Tier 2	296	-	-	-	-	2	298
Tier 3	1,268	41	6	1	-	5	1,321
Total	**2,595**	**126**	**20**	**3**	**-**	**8**	**2,752**
% of total	94.3%	4.6%	0.7%	0.1%	0.0%	0.3%	
2018							
Tier 1	1,140	90	16	3		1	1,250
Tier 2	309	-	-	-		2	311
Tier 3	1,122	33	4	-		5	1,164
Total	**2,571**	**123**	**20**	**3**		**8**	**2,725**
% of total	94.4%	4.5%	0.7%	0.1%		0.3%	
2017							
Tier 1	1,284	97	20	3		1	1,405
Tier 2	312	-	-	-		2	314
Tier 3	974	22	4	-		4	1,004
Total	**2,570**	**119**	**24**	**3**		**7**	**2,723**
% of total	94.3%	4.4%	0.9%	0.1%		0.3%	
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%	0.9%	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%	0.9%	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%	5.4%	1.0%	0.1%		0.2%	

(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

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San Luis Obispo County
Pension Trust
SLOCPT

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