San Luis Obispo County Pension Trust

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

Annual Comprehensive Financial Report

For the Year Ended
December 31, 2022

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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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Departments/Pension-Trust.aspx

Table of Contents

Table of Contents (continued)

Statistical Section

Photographs: Carl Nelson

Introductory Section

San Luis Obispo County
Pension Trust
SLOCPT

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June 26, 2023

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, 2022.

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

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

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

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

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

Introductory Section

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

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

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

Financial Information

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

Actuarial Funding Status

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

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

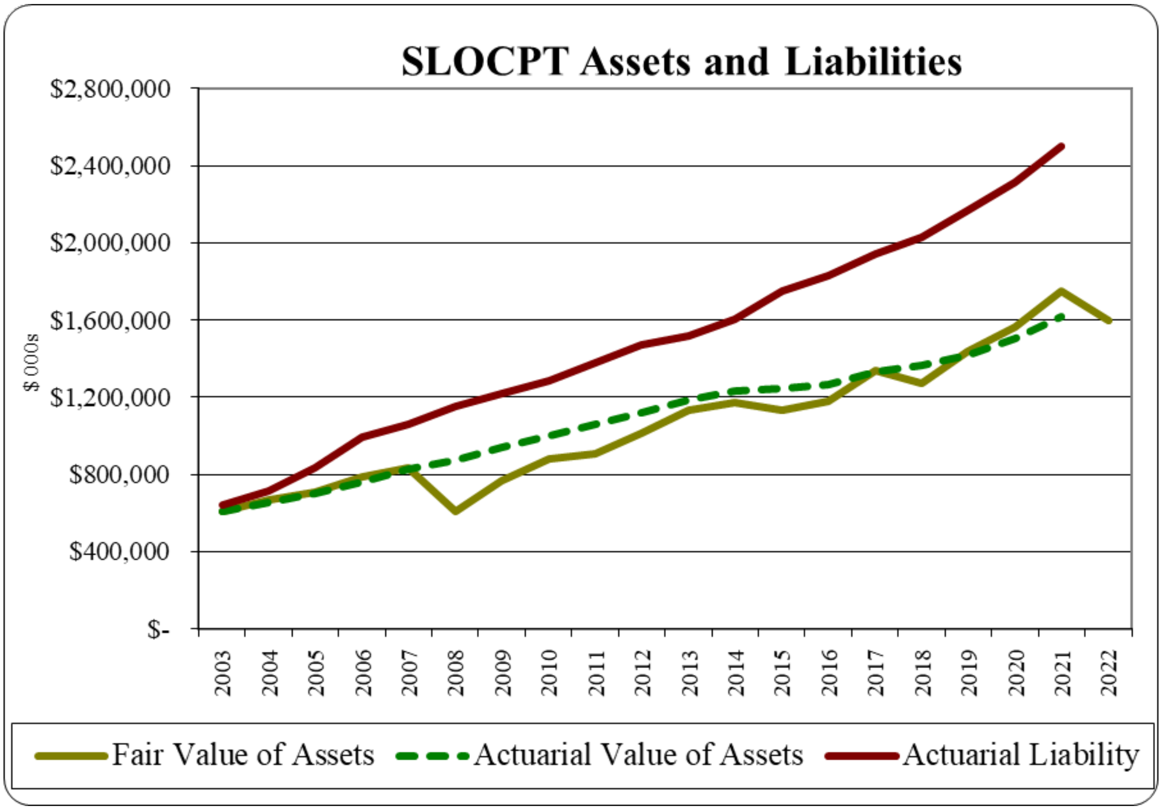
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and member contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing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

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

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

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

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



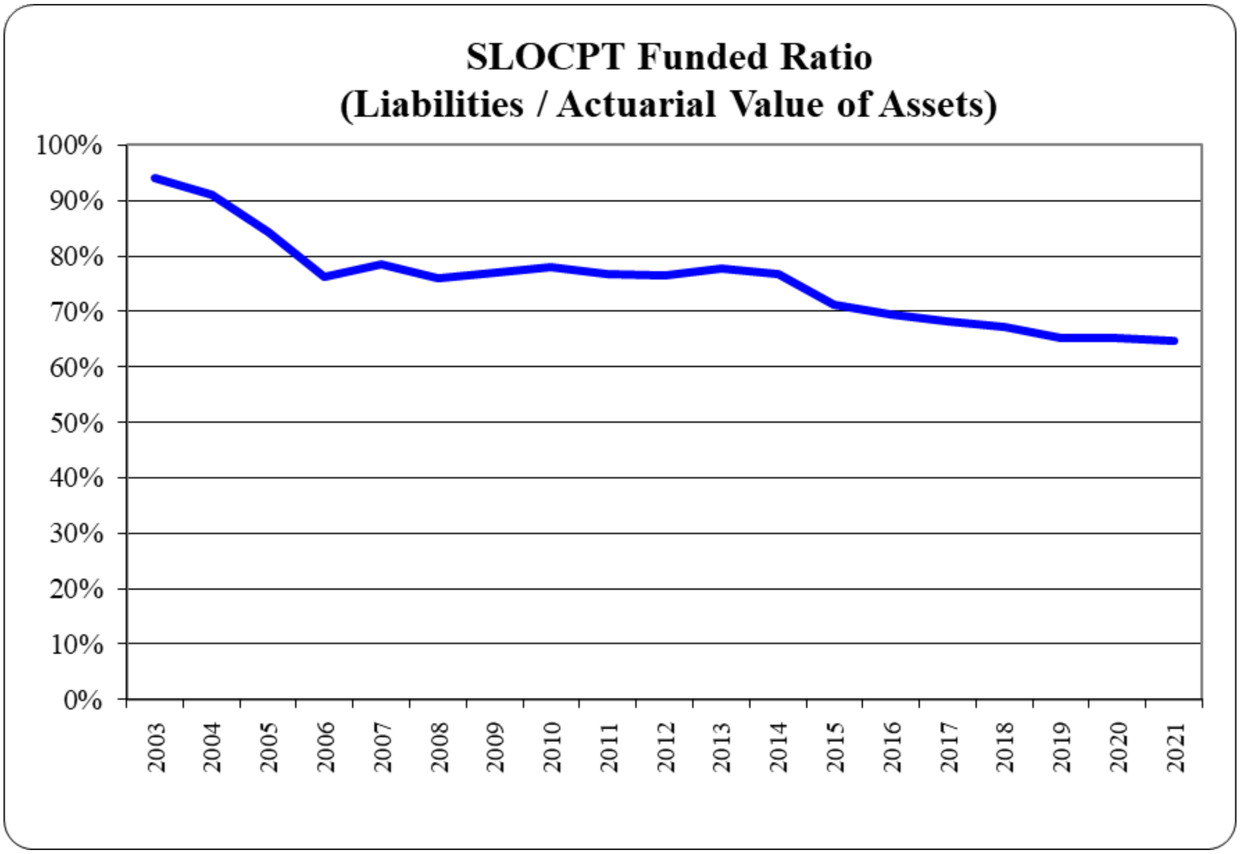
Source: Pension Trust financial records from annual actuarial valuations

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

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

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

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



Source: Pension Trust financial records from annual actuarial valuations

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

Investments

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

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

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

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

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

Source: Verus reports

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

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

Source: Verus 4th Quarter 2022 report

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

Service Efforts and Accomplishments

Mission Statement

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

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

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

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

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

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

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

Honoring Public Service

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

Payment of Retirement Benefits

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

Investments

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

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

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

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

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

Actuarial Valuations

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

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

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

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

Acknowledgements

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

Respectfully submitted,

Carl A. Nelson

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Luis Obispo County Pension Trust
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2022

Presented to

San Luis Obispo County Pension Trust

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Alan H. Winkle
Program Administrator

Board of Trustees

As of December 31, 2022

Jeff Hamm
President
Appointed Member

James Hamilton
Vice President
Ex-Officio Member

Gere Sibbach
Appointed Member

Lisa Howe
Appointed Member

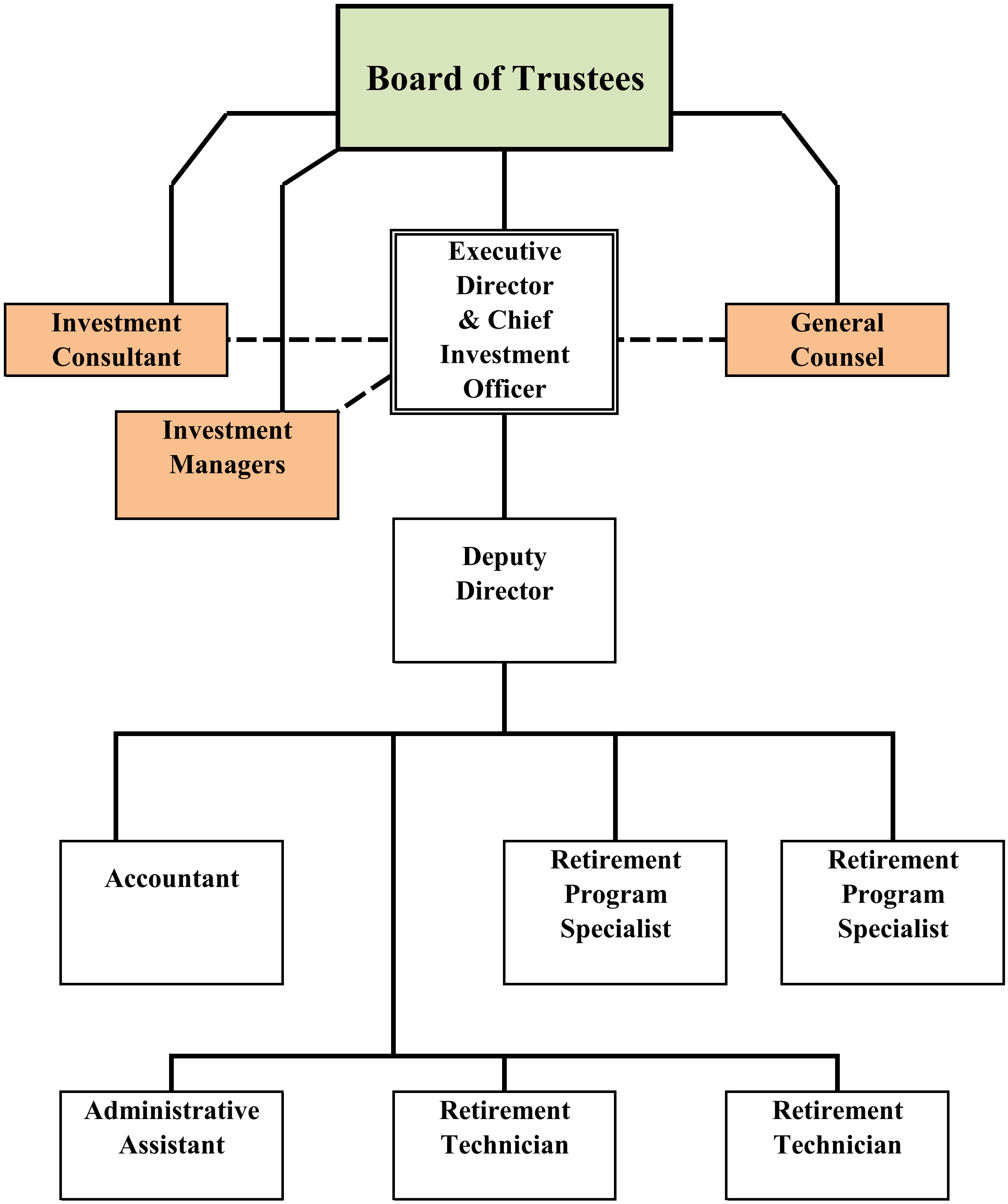
Michelle Shoresman
Elected Member
Present term
expires 2023

David Grim
Elected Member
Present term
expires 2024

Geoff O'Quest
Elected Member
Present term
expires 2025

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2022



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

Professional Consultants

As of December 31, 2022

Actuary

Anne Harper, FSA, MAAA, EA
Cheiron

Legal Services

General Counsel
- Chris Waddell
- Olson Remcho LLP

Litigation
- Rick Hsu
- Maupin, Cox & Legoy

Plan Qualification & Fiduciary Counsel
- Don Wellington
- Wellington Gregory, LLP

Investment Contracts
- Yuliya Oryol
- Nossaman LLP

Auditor

Brown Armstrong Accountancy Corporation

Data Processing

LRS Retirement Solutions
- PensionGold Pension Administration System

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

General Investment Consultant

Scott Whalen, CFA
Verus

Investment Custodian

J.P. Morgan Chase

Investment Managers

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

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

International Equities
- Dodge & Cox
- WCM International

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

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

Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 26, 2023

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

June 26, 2023

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

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

Financial Highlights

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

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

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Financial Analysis

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

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

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

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

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

Additions to Fiduciary Net Position

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

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

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

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

Deductions from Fiduciary Net Position

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

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

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

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

The Plan as a Whole

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

Requests for Information

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

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

Respectfully submitted,

Carl A. Nelson

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash and Cash Equivalents

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

Securities

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

Alternative Investments

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

Real Estate

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

Asset Allocation Policy and Long-Term Expected Rate of Return

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

NOTE 1 – 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 current long-term expected real rates of return:

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

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

Prefunded Contributions

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

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

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

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

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

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

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

Benefits

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

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

starting at age 50, based on Tier and Classification.

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

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

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

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

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

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

<u>Investment Stewardship</u>

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest or delegate the investment of the assets of the Plan through the purchase, holding, or sale of any form or type of instrument or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has adopted an Investment Policy, which establishes specific asset allocation parameters that govern the compositional mix of cash, fixed income and equity securities, alternative investments, and real estate investments. The Plan currently employs an external investment consultant and external investment managers to manage its assets subject to the guidelines of the Investment Policy.

NOTE 3 – 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, 2022:

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

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

At December 31, 2022, the carrying amount of the Plan's cash deposits including cash equivalents was $84.237 million and the bank balance was $79.836 million. The difference between the bank balance and

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

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

Custody credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custody credit risk if the securities are uninsured, not registered in the Plan's name, and held by the counterparty. The Plan's investment securities are not exposed to custody credit risk because all securities held by the Plan's custody bank are in the Plan's name.

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

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

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

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

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

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

Foreign Currency Risk

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

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

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

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

NOTE 4 – INVESTMENTS

Fair Value Measurements

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

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

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

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

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

NOTE 4 – INVESTMENTS (continued)

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

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

Investments in Entities that Calculate Net Asset Value Per Share

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

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

NOTE 4 – <u>INVESTMENTS</u> (continued)

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

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

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

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

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

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

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

NOTE 4 – INVESTMENTS (continued)

Derivatives

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

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

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

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

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

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

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

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

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

NOTE 4 – INVESTMENTS (continued)

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

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

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

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

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

Commitments

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

Annual Money-Weighted Rate of Return

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

NOTE 5 – CAPITAL ASSETS

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

NOTE 5 – <u>CAPITAL ASSETS</u> (continued)

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

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

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

NOTE 6 – <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 (17 years as of December 31, 2022). Based on the recommendation of SLOCPT's Actuary from the January 1, 2019 Actuarial Valuation, the Board elected to amortize each future year's Unfunded Actuarial Accrued Liability over a closed 20-year layered amortization schedule. Changes in the value of Plan assets have generally been smoothed over a five-year period to arrive at the Actuarial Value of Assets under the Entry Age Normal Cost Method. The Actuarial Value of Assets as of the most recent Actuarial Valuation was $1.619 billion.

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

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

NOTE 7 – NET PENSION LIABILITY

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

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

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

Actuarial Assumptions

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

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

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

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

NOTE 7 – NET PENSION LIABILITY (continued)

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

Discount Rate

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

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

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

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

NOTE 8 – LITIGATION

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

NOTE 9 – SUBSEQUENT EVENTS

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

NOTE 9 – SUBSEQUENT EVENTS (continued)

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

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

SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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

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

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

SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

Investment Section

Investment Section Overview

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

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

March 17, 2023

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

Dear Mr. Nelson:

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

Capital Markets Review

2022 summary

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

U.S. Equity

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

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

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

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

International equity

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

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

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

Fixed income

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

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

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

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

Performance Summary

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

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

Strategic Asset Allocation

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

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

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

Outlook

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

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

Sincerely,

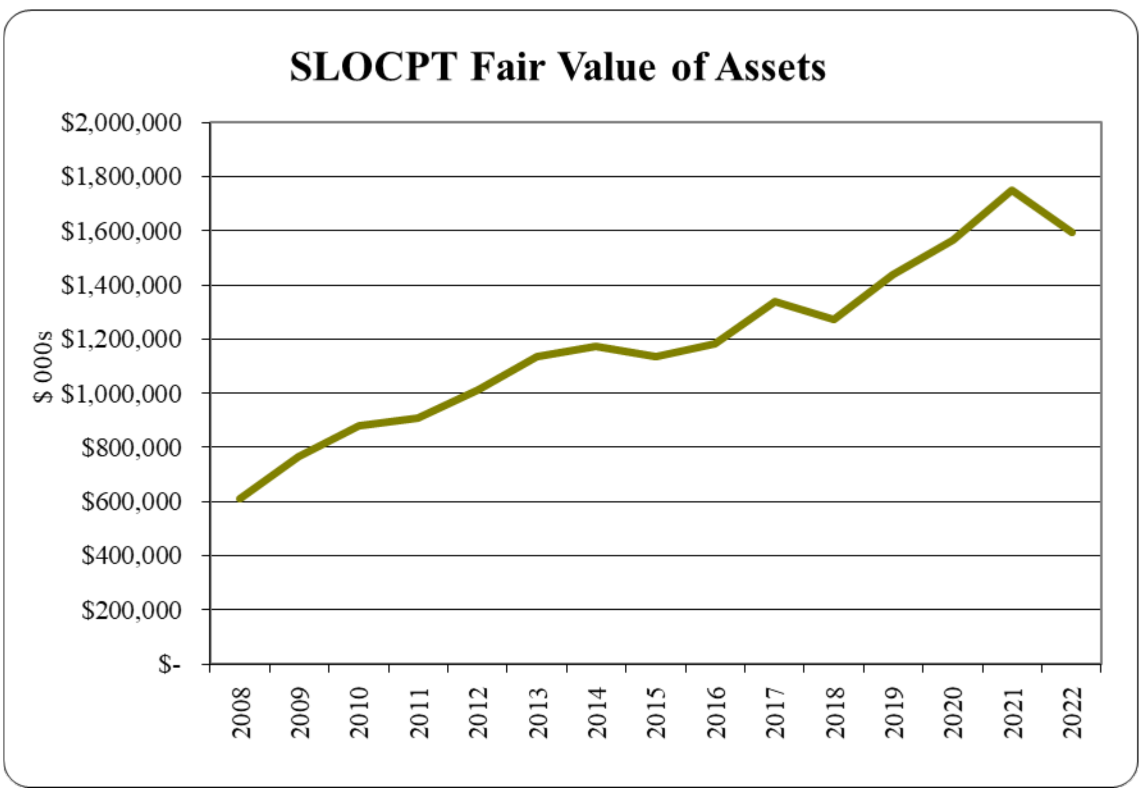
Scott J. Whalen, CFA, CAIA
Executive Managing Director|Senior Consultant

Summary of Investment Objectives

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

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

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



Asset Allocation Policy

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

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

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

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

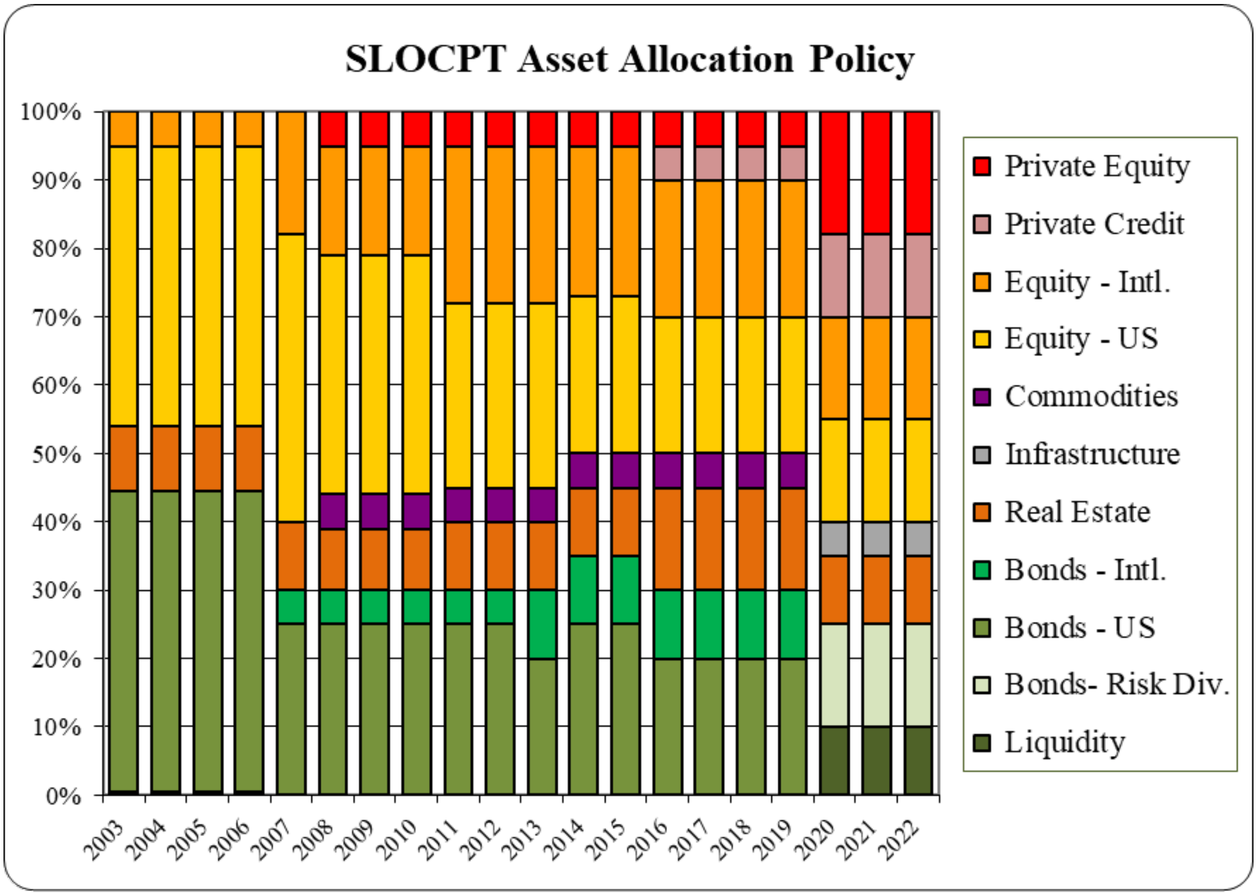
(b) Growth - long-term investments with some illiquidity.
Periodic drawdowns to replenish Liquidity as needed.

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

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

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

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

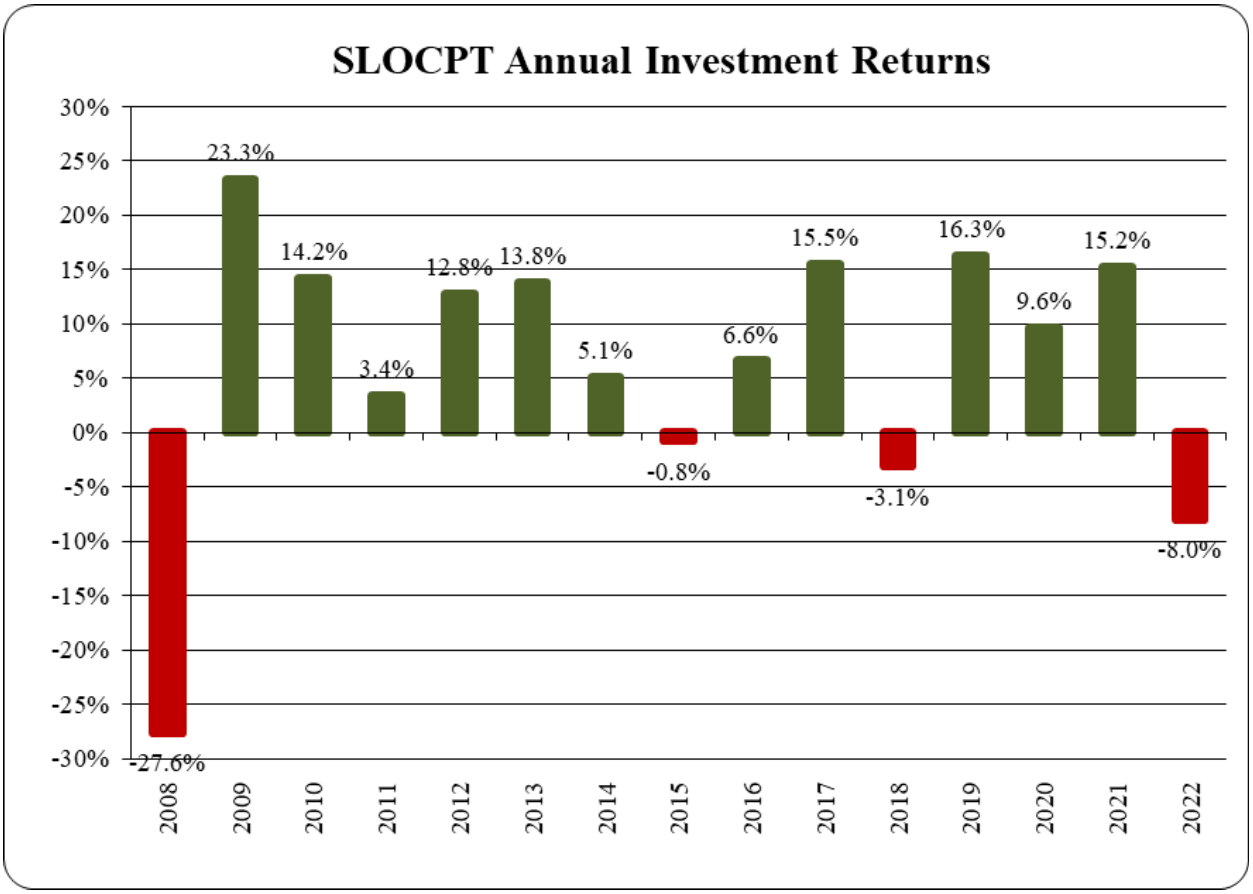


SLOCPT employs multiple investment managers in different asset classes and with different styles of investing. Combined with strict limitations in the Investment Policy on the maximum exposure to individual investments and with regular rebalancing of the asset mix the diversification level of the investments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

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

Investment Results

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



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

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

Source: Verus reports

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

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

Source: Verus 4th Quarter 2022 report

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2022

Annualized time-weighted rates of return based on fair value

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

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2022

Annualized time-weighted rates of return based on fair value

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

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

g = Gross of fees

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

Source: Quarterly investment reports from Verus, investment consultant

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions

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

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

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

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

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

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

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

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

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

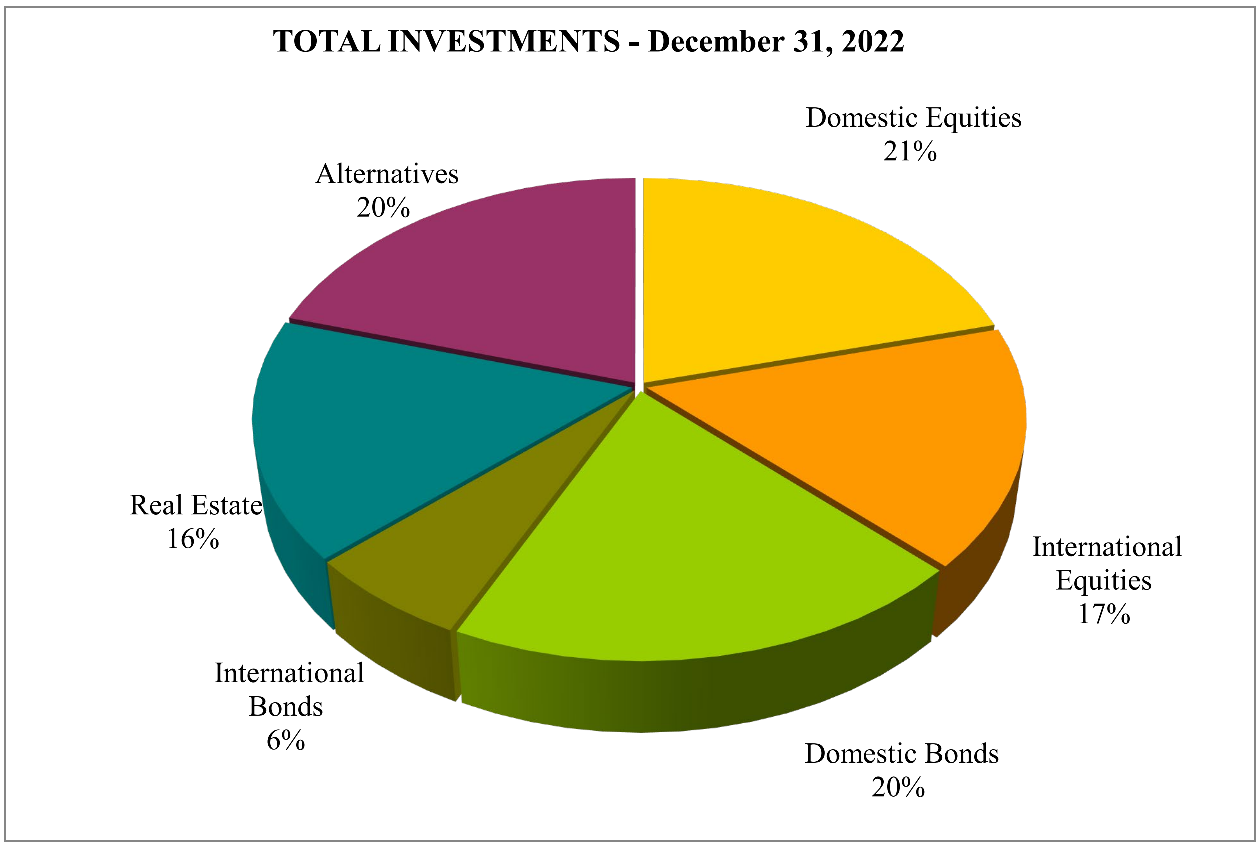
Investment managers are instructed to seek best execution and to seek to minimize commission and market impact costs when trading securities.

San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2022 (Dollars in Thousands)

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



San Luis Obispo County Pension Trust

Schedule of Largest Stock and Bond Holdings

As of December 31, 2022 By Fair Value

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

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

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

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

Actuarial Section

Actuarial Section Overview

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

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

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

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

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

March 29, 2023

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

Actuarial Certification – Actuarial Valuation as of January 1, 2022

Dear Board of Trustees,

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

Actuarial Valuation Used for Funding Purposes

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

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

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

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

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

Actuarial Valuation Used for Financial Reporting Purposes

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

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

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

Funding Objective and Policy

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

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

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

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

Assumptions

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

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

Certification

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

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

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

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

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

Sincerely,
Cheiron

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

4. **Contributions**

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

Actuarial Assumptions

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

1. **Rate of Return**

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

2. **Administrative Expenses**

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

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

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

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

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

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

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

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

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

7. Interest on Member Contributions

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

8. Family Composition

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

Percentage Married	
Gender	Percentage
Males	70%
Females	55%

9. Payroll Growth

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

10. Increases in Pay

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

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

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

Increases are compound rather than additive.

11. Rates of Termination

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

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

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

12. Rates of Withdrawal

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

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

13. Reciprocal Transfers

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

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

14. Rates of Disability

Representative disability rates of active participants are shown below.

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

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

15. Rates of Mortality for Healthy Lives

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

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

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

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

16. Rates of Mortality for Disabled Lives

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

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

17. Rates of Retirement

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

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

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

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

18. DROP Assumptions

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

19. Changes Since Last Valuation

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

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

Schedule of Active Member Valuation Data

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

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

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

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

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

Schedule of Funded Liabilities by Type

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

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

Schedule of Funding Progress

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

Schedule of Funding Progress
(dollars in thousands)

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

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

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

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

flects assumption changes.

flects benefit provisions under Tier 2 for certain members.

flects benefit provisions under Tier 3 for new members.

Development of Actuarial Value of Assets

Development of Actuarial Value of Assets for January 1, 2022		Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2020	Plan Year Ended December 31, 2021
1)	Actuarial Value of Assets as of Beginning of Year	$ 1,268,404,900	$ 1,328,750,029	$ 1,362,561,581	$ 1,416,762,603	$ 1,506,269,826
2)	Non-Investment Cash Flow	(15,849,141)	(15,432,525)	(22,671,149)	(20,973,205)	(27,370,277)
3)	Expected Return	89,809,223	92,481,499	94,599,241	96,693,458	100,719,101
4)	Expected Actuarial Value of Assets [(1) + (2) + (3)]	$ 1,342,364,982	$ 1,405,799,003	$ 1,434,489,673	$ 1,492,482,856	$ 1,579,618,650
5)	Actual Return on Market Value	$ 175,077,305	$ (53,418,413)	$ 190,055,268	$ 148,295,197	$ 211,006,871
6)	Actual Return Above Expected [(5) - (3)]	$ 85,268,082	$ (145,899,912)	$ 95,456,027	$ 51,601,739	$ 110,287,770
7)	Recognition of Returns Above / (Below) Expected					
	a) Current Year (20% of 6.)	$ 17,053,616	$ (29,179,982)	$ 19,091,205	$ 10,320,348	$ 22,057,554
	b) First Prior Year	(3,831,304)	17,053,616	(29,179,982)	19,091,205	10,320,348
	c) Second Prior Year	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
	d) Third Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
	e) Fourth Prior Year	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616
	f) Continued Recognition of 2008 Asset Loss	(9,936,396)	0	0	0	0
	g) Total Recognition of Returns	$ (14,308,750)	$ (43,720,177)	$ (17,913,003)	$ 13,453,883	$ 39,342,741
8)	**Preliminary Actuarial Value of Assets [(4) + (7g)]**	**$ 1,328,056,232**	**$ 1,362,078,826**	**$ 1,416,576,670**	**$ 1,505,936,739**	**$ 1,618,961,391**
9)	Excludable Assets: Additional Annuity Reserve					
	a) Beginning of Year	3,961,371	3,267,574	2,784,819	2,598,886	2,265,799
	b) End of Year	3,267,574	2,784,819	2,598,886	2,265,799	1,869,784
	c) Change in Excludable Assets [(9b) - (9a)]	(693,797)	(482,755)	(185,933)	(333,087)	(396,015)
10)	**Final Actuarial Value of Assets [(8) - (9c)]**	**$ 1,328,750,029**	**$ 1,362,561,581**	**$ 1,416,762,603**	**$ 1,506,269,826**	**$ 1,619,357,406**
11)	Investment Return	5.99%	3.69%	5.68%	7.86%	9.38%

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

Summary of Plan Provisions

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

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

A. Membership in Retirement Plans

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

B. Tiers

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

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

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

C. Member Contributions

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

D. Final Compensation

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

Pick up percentages for each applicable bargaining unit shown below:

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

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

E. Service Retirement

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

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

Retirement Age Factors:

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

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

Maximum Benefit:

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

Tier 2: 90% of Final Compensation

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

F. Normal Form of Benefit:

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

G. Optional Retirement Allowance:

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

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

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

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

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

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

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

Summary of Plan Provisions

I. Line-of-Duty Disability

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

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

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

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

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

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

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

L. Line-of-Duty Death

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

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

M. Post-Retirement Death Benefit

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

N. Cost-of-Living Increases

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

O. Withdrawal Benefits

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

P. Deferred Retirement Option Program (DROP)

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

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

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

Statistical Section

Statistical Section Overview

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

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

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

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

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

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

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

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

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

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

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

Source: SLOCPT audited financial statements and detailed retiree payroll journals

San Luis Obispo County Pension Trust

Benefits by Class and Type

Last 10 fiscal years (Dollars in Thousands)

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

Source: SLOCPT detailed retiree payroll journals 2013-2022 data

San Luis Obispo County Pension Trust

Average Benefit Payments by Years of Credited Service

Last 10 fiscal years

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

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

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

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount

as of December 31, 2022

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

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2022

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

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

Source: SLOCPT Pension Administration Software (PensionGold)

San Luis Obispo County Pension Trust

Member Data

Last 10 fiscal years

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

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

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

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

San Luis Obispo County Pension Trust

Covered Employees by Employer

Last 10 fiscal years

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

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

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

San Luis Obispo County
Pension Trust

SLOCPT

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