San Luis Obispo County Pension Trust

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

Comprehensive Annual Financial Report

For the Years Ended
December 31, 2013 and December 31, 2012

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Comprehensive Annual Financial Report

For the Years Ended
December 31, 2013 and December 31, 2012

San Luis Obispo County Pension Trust

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

Issued By:

Carl A. Nelson, CFA
Executive Secretary

Amy Burke
Financial Accountant

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Photographs: Carl Nelson

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San Luis Obispo County Pension Trust

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Carl Nelson
Executive Secretary

June 23, 2014

San Luis Obispo County Pension Trust
Board of Trustees

Dear Board Members:

I am pleased to present this Comprehensive Annual Financial Report (CAFR) for the San Luis Obispo County Pension Trust ("SLOCPT" or the "Pension Trust") for the years ended December 31, 2013 and 2012.

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 Board of Supervisors adopted the present By-Laws 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 CAFR 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 fairly present both the Pension Trust's financial position and its operating results.

The Pension Trust and its Services:

The 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 of San Luis Obispo and various agencies (collectively the "Plan Sponsor") listed below:

Superior Courts of California – County of San Luis Obispo
Local Agency Formation Commission
Air Pollution Control District – County of San Luis Obispo
The Pension Trust

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 members. Three Board members are appointed and serve at the pleasure of the County Board of Supervisors. The County Auditor/Controller-Treasurer/Tax Collector/Public Trustee serves as an ex-officio member of the Board. The three remaining Board members are elected by the Pension Trust's members at large for staggered three year terms without term limits. Board of Trustee elections are administered by the County Clerk and Recorder. Newly elected or re-elected Board members take office in July of the year they are elected.

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

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 conformity with Generally Accepted Accounting Principles (GAAP) and are free of material misstatement. Sufficient internal accounting controls exist to provide reasonable, but not absolute, assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. 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 21 through 26.

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 of a level of risk consistent with the long-term objectives of the Pension Trust.
- **Employer appropriations** and **Employee contributions** as their respective portions of the total Annual Required Contribution (ARC). The relative allocation of the total ARC to Employer and Employee is typically the result of the collective bargaining process, or for unrepresented employees it is set by the Board of Supervisors.

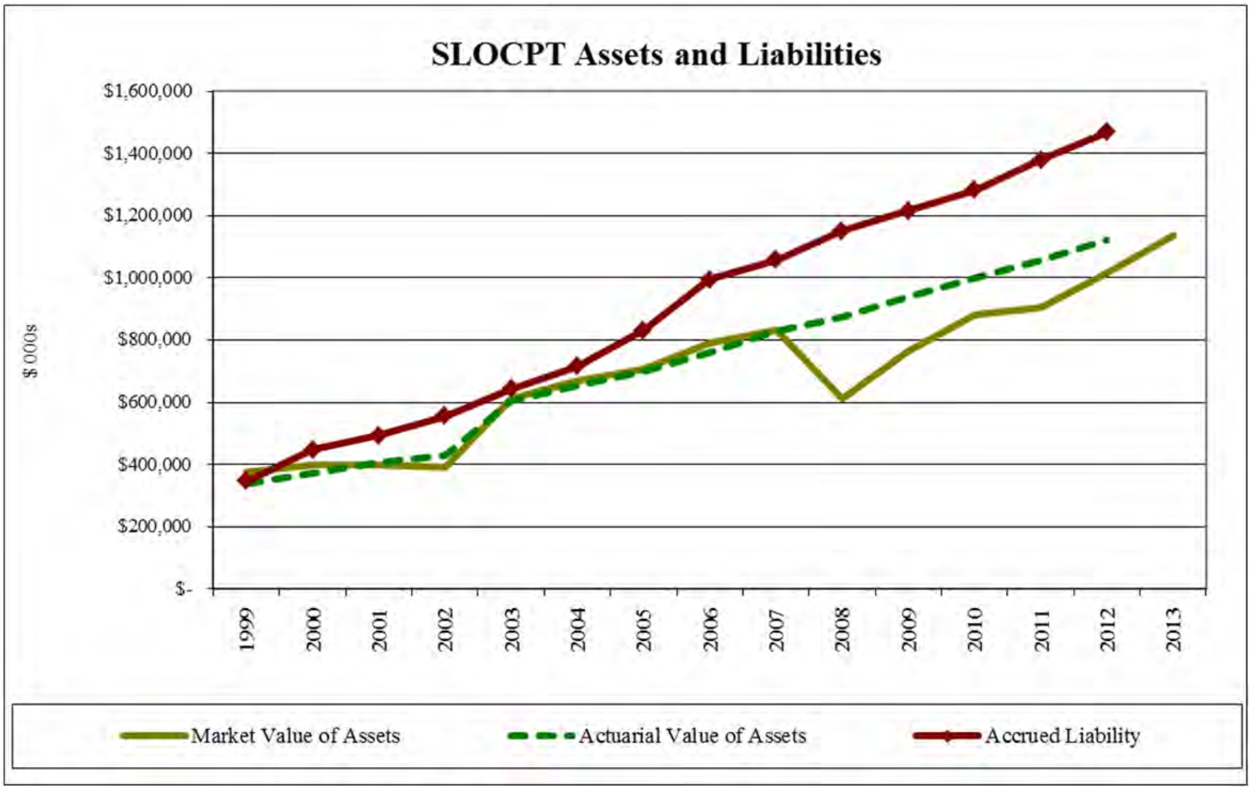
It is the policy of the County to contribute the full ARC each year through a combination of Employer appropriations and Employee contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing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

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

The most recent annual actuarial valuation available for financial reporting in this CAFR is the January 1, 2013 valuation. It is based on member data and financial results through December 31, 2012. The Pension Trust's actuary, Gabriel Roeder Smith, completed this annual valuation prior to the preparation of this CAFR. At the time of preparation of this CAFR, the January 1, 2014 valuation was being prepared, but the results were not yet available.

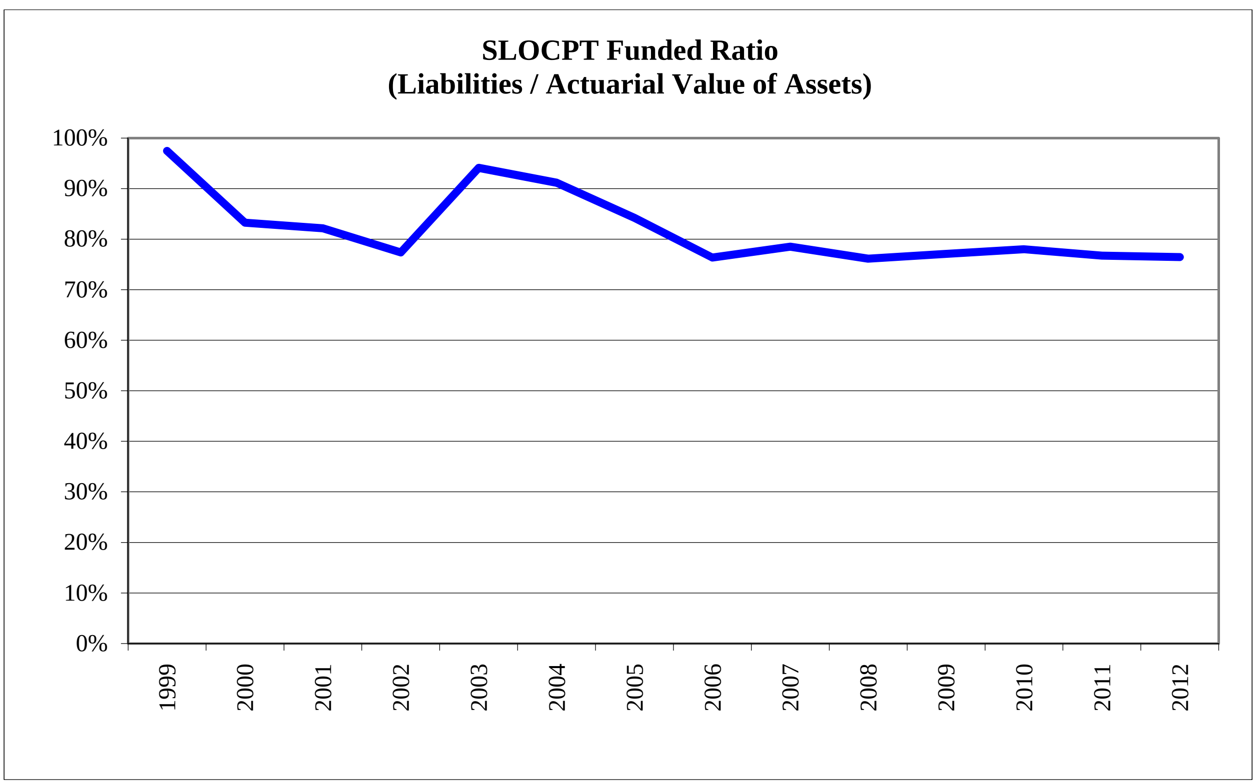
Based on the most recent actuarial valuation the actuary computes (among other things) a level of Actuarial Accrued Liability (AAL) and an Actuarial Value of Assets (AVA). The AVA is a smoothed measure of market values of the Pension Trust's total assets that moderates yearly volatility in asset size. These actuarial measurements are discussed in more detail in the Actuarial Section of this CAFR.

Combined with the year-end Market Value of Assets (MVA) the history of these measures is shown on the following graph.



Source: Pension Trust financial records from annual actuarial valuations

The relationship of the AAL and AVA is the Funded Ratio of the Pension Trust which slightly decreased to 76% as of year-end 2012. The history of the Pension Trust's funded ratio is shown on 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 92.

Investments:

The Board of Trustees has full authority over the investments of the Pension Trust and is responsible for the establishment of investment objectives strategies and policies. 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 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 CAFR.

The Staff of the Pension Trust and the Investment Consultant (Wurts & Associates) closely monitor the investment activities of the total Trust 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 CAFR.

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

	2009	2010	2011	2012	2013
SLOCPT Total Returns	23.3%	14.2%	3.4%	12.8%	13.8%

Source: Wurts & Associates reports

For cumulative periods ending December 31, 2013, the annualize time weighted total rate of returns gross of fees are as follows.

	1 year	3 years	5 years	10 years
SLOCPT Total Returns	13.8%	9.9%	13.1%	5.9%

Source: Wurts & Associates 4th Quarter 2013 report and Pension Trust records for pre2006 returns

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 56 through 68.

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

Payment of Retirement Benefits -
While the timely payment of retirement benefits is the core objective of the Pension Trust it is still worth noting that this is indeed what happens – month after month. It is also of interest to note where retiree benefits are paid geographically. As of December 2013 the Pension Trust paid 2,250 benefit allowances to retirees, disability recipients, beneficiaries and survivors. During 2013 $60.2 million was paid by the Pension Trust in recipients' benefits. Of this amount, approximately 78% is sent to addresses within San Luis Obispo County. The significance of this data is that the majority of retirement benefits paid by the Pension Trust are presumably spent within San Luis Obispo County which contributes in a material way to the local economy.

Implementation of PEPRA (Tier 3) Retirement Benefits -
During 2011 and 2012 the Plan Sponsor added a new tier of retirement benefits to the Plan applicable to new hires in those years. This was in advance of many other California counties and the implementation of this Tier 2 of retirement benefits was successfully implemented by the Pension Trust.

Subsequently in 2012 the State of California enacted the Public Employee Pension Reform Act (PEPRA) that mandated a reduced level of pension benefits for most new hire employees after January 1, 2013 (with some exceptions based on reciprocal service with other California pension systems). As a statewide mandate that applies to San Luis Obispo County, the PEPRA level of pension benefits as implemented by the County is known as “Tier 3” benefits. The Tier 3-PEPRA retirement allowance implemented for Miscellaneous members hired after January 1, 2013 is the formula authorized by PEPRA, commonly referred to as the “2.0% at 62” formula. For Probation and Safety members the Tier 3-PEPRA retirement allowance is the formula commonly referred to as the “2.7% at 57” formula (which was one of the allowable formulas set forth in PEPRA).

The implementation of both Tier 2 and Tier 3 benefit levels as adopted by the Plan Sponsor was accomplished by the Pension Trust by year end 2012. PEPRA significantly increased the administrative complexity of the Pension Trust in two areas primarily. First, the reciprocity provisions of PEPRA for employees changing jobs from a reciprocal retirement system covered employment substantially increased the potential economic impacts on affected members. Second, the elimination of the Employer Paid portion of Employee Normal Contributions (sometimes formerly referred to as the “employer pickup”) for Tier 3 new hires also increased the economic impact on new hires. Combined, these two factors increased the complexity of the new hire onboarding process such that Pension Trust staff increased their service level to include meeting with each new hire directly to brief them on Tier 3 pension benefits.

Investments -

The Investment Section of this CAFR 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 2013 were:

- Asset Allocation and Investment Policy – In February of 2013, upon recommendation from the investment consultant and staff, the Board approved modifications to the strategic asset allocation policy. A portion of the fixed income allocation was shifted to fund an Emerging Markets Debt portfolio.

- Commodities – The Board approved the recommendation to change the commodities investing strategy from an index strategy to an actively managed one. The existing Blackrock commodities index fund was liquidated and replaced with an actively managed commodities fund run by Gresham Capital.

- Emerging Market Debt – Stone Harbor Partners were hired to manage a $40 million Emerging Market Debt allocation in an institutional mutual fund.

Actuarial Valuations -

The Pension Trust and its Board consider the key assumptions in the annual actuarial valuation each year and generally expects 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 2012 and its findings were considered in the setting of assumptions for the January 1, 2013 annual actuarial valuation. The current key actuarial assumptions used in the 2012 and 2013 actuarial valuations (the most recent available as of the date of this writing) were as follows:

- 7.25% Earning Assumption
- 3.25% Salary Growth Assumption
- 3.75% Payroll Growth Assumption

At the time of preparation of this CAFR, the January 1, 2014 actuarial valuation, was being prepared but the results were not yet available. At the time of the preparation of this CAFR the January 1, 2014 biennial Actuarial Experience study was substantially completed and no changes to significant actuarial assumptions were recommended.

Management Succession -
The Pension Trust had been managed by its Executive Secretary, Tony Petruzzi for 28 years culminating with Tony's retirement in July of 2013. Through those years Tony presided over substantial changes to the Pension trust going from just two staff members to nine and administering a substantially more complex retirement system. We wish Tony a long and well deserved retirement.

As part of the organizational planning for Tony's eventual retirement I was hired as his Deputy Executive Secretary in 2009. Following Tony's retirement the Board of Trustees appointed me to the role of Executive Secretary in July 2013. I only hope that I can fill the large shoes left behind by Tony.

Acknowledgements:

I thank and express my gratitude to the Board of Trustees 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 Pension Trust staff and advisors whose efforts make the successful operation of the Pension Trust possible. The Pension Trust is fortunate to have a small cadre of staff, legal counsel and advisors with long experience with the organization and in the public pension industry and a dedication to serving our members and our Board. Regarding this CAFR, I thank Amy Burke, Financial Accountant for her prodigious efforts in producing this fourth annual CAFR for the Pension Trust.

Respectfully submitted,

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Luis Obispo County Pension Trust, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2012

Jeffrey R. Emer

Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2013

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
Program Administrator

Board of Trustees

As of December 31, 2013

Matt Janssen
President
Elected Member
Present term
expiresJuly 2015

Caryn Maddalena
Vice President
Elected Member
Present term
expires July 2014
(see note below)

Will Clemens
Elected Member
Present term
expires July 2016

Jeff Hamm
Appointed Member

Guy Savage
Appointed Member

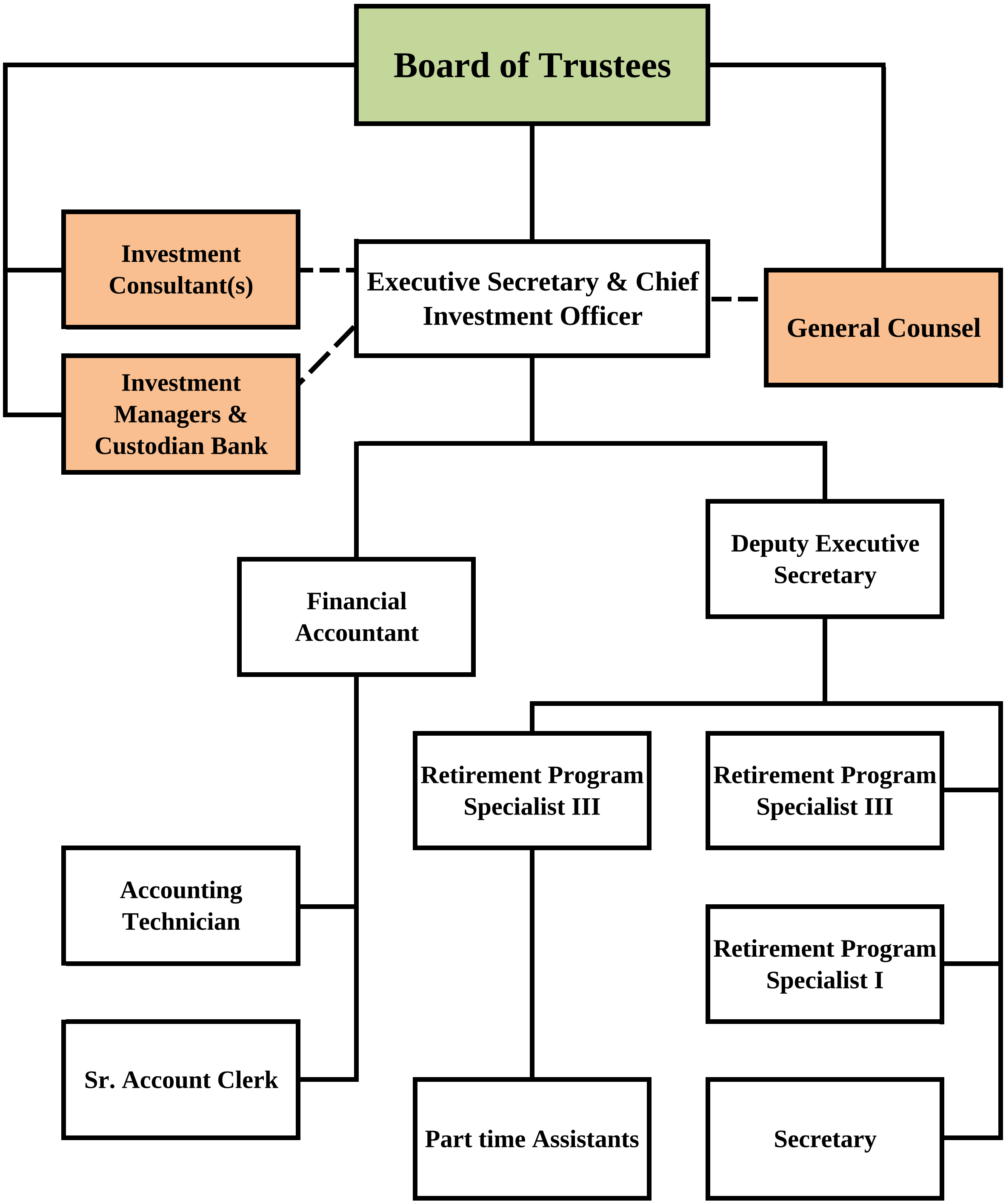
Gere Sibbach
Appointed Member

James Erb
Treasurer
Ex-Officio Member

Caryn Maddalena retired effective December 31, 2013. Replaced in January 2014 by Mike Dutra – appointed to fill remainder of term.

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2013



See page 15 for outside consultants and investment managers.

In addition, see Schedule of Investment Management Fees and Commission in the Investment section for more information on outside investment managers.

Professional Consultants

As of December 31, 2013

Actuarial

Actuary

Leslie Thompson, FSA
Gabriel, Roeder, Smith

Legal Services

General Counsel

Chris Waddell
Olson Hagel & Fishburn, LLP

Litigation

Tom Winfield
McKenna Long and Aldridge, LLP

Plan Qualification & Fiduciary Counsel

Don Welllington
Steptoe & Johnson, LLP

Audit

Auditor

Brown Armstrong Accountancy Corporation

Data Processing

Retirement Administration and Distribution System (RAD) Software

Magenic Development Corp.

General Information Technology Support

County of San Luis Obispo Information Technology Department

Investment Consultant

General Investment Consultant

Scott Whalen, CFA
Wurts & Associates

Investment Custodian

J.P. Morgan Chase

Investment Managers

Bonds, Notes, CMOs

Brandywine Global Investment Management
Pacific Investment Management Company
State Street Global Advisors
Stone Harbor Investment Partners

Domestic Equities

Atlanta Capital Management
Mason Capital Partners
Research Affiliates
State Street Global Advisors

International Equities

Dodge & Cox
Vontobel Asset Management

Commodities

Gresham Investment Management

Alternative Investments / Private Equity

Harbourvest Partners
KKR Mezzanine Partners
Pacific Investment Management Company

Real Estate

Long Wharf Real Estate Partners
J.P. Morgan Investment Management

Cash Overlay

The Clifton Group

Property Management

Directly owned Real Estate

J.B. Enterprises

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Financial Section

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
San Luis Obispo County Pension Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the San Luis Obispo County Pension Trust (the Plan), which comprise the Statements of Plan Net Position as of December 31, 2013 and 2012, and the related Statements of Changes in Plan Net Position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan Net Position of the Plan as of December 31, 2013 and 2012, and the Changes in its Plan Net Position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The introductory section; other supplementary information; and investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 23, 2014

San Luis Obispo County Pension Trust

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

SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013 and 2012

June 23, 2014

We are pleased to provide this overview and analysis of the financial activities of the San Luis Obispo County Pension Trust (the "Pension Trust") for the years ended December 31, 2013 and 2012. The San Luis Obispo County Pension Trust was established on November 1, 1958. Some ten years later, the Board of Supervisors adopted the present By-Laws and San Luis Obispo County Employees Retirement Plan (the "Plan") in order to improve the benefits to employees retiring after January 1, 1968. One of the principal objectives of the new 1968 Plan, and of subsequent amendments to that Plan, has been to provide benefits substantially comparable to those that would have been provided had the 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. The Pension Trust is established pursuant to Section 17 of Article XVI of the California Constitution and Government Code Sections 53215 et seq.

Financial Highlights

The Pension Trust's Plan Net Position as of December 31, 2013 was $1.1 billion. This represents an increase of $122.3 million or 12.1% from the year ended December 31, 2012. The Plan Net Position represents the net assets (total assets minus total liabilities) that are restricted and available for future payment of pension benefits to members and their beneficiaries as of the date reported.

Total additions to the Plan Net Position in 2013 were $187.1 million, which includes member and employer contributions of $55.3 million and net investment income of $131.8 million. Comparatively, in 2012 additions to the Plan Net Position were $165.0 million, which included member and employer contributions of $56.1 million and net investment income of $108.8 million. Net investment realized and unrealized gains were the main factor in the increase over prior year.

For the year ended December 31, 2013 deductions to the Plan Net Position totaled $64.8 million, consisting of $62.8 million in payments to Plan members and their beneficiaries and $2.1 million in administrative expenses. For the year ended December 31, 2012 total deductions were $57.9 million, with $55.8 million in payments to members and beneficiaries and $2.1 million in administrative expenses. Increases in total the number of retirees as well as the annual Cost of Living Adjustments (COLA) were the major causes of the increase in member payments.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment earnings. As of January 1, 2013, the date of the last actuarial evaluation that was approved June 2013, the funded ratio for the Plan was 76.4%. In general, this indicates that for every dollar of benefits due, the Pension Trust had approximately 76.4 cents available for payment.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to San Luis Obispo County Pension Trust's financial statements, which are comprised of these components:

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

The **Statement of Plan Net Position** is a snapshot of major account balances as of December 31, 2013 and 2012. It 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 Plan Net Position** provides a detailed view of the current and prior year additions to and deductions from the Plan Net Position. All of the year's additions and deductions are taken into account 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 these financial statements.

These two statements report the Plan Net Position restricted for pension benefits – the difference between assets and liabilities – as a way to measure the Pension Trust's financial position. Over time, increases and decreases in the Plan 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 the Pension Trust's progress in funding its obligations to provide pension benefits to members and their beneficiaries.

The **Other Supplementary Information** includes a Schedule of Changes in Reserves as well as Schedule of Administrative Expenses, a Schedule of Investment Expenses, and a Schedule of Payments to Consultants.

These statements as a whole are presented in conformance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standard Board (GASB). GASB requires certain disclosures and also requires local government pensions to report using the full accrual method of accounting. These statements comply with all material requirements of these pronouncements. They are presented in conformance with GASB Statement No. 25, *"Financial Reporting for Defined Benefit Pension Plans;"* GASB Statement No. 34, *"Basic Financial Statements;"* GASB Statement No. 37 *"Management's Discussion and Analysis for State and Local Governments;"* and GASB Statement No. 40, *"Deposit and Investment Risk Disclosures"*.

Financial Analysis

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

The Plan Net Position restricted for pension benefits as of December 31, 2013 totaled $1,135,718,617, an increase of $122,282,558 from prior year end. This increase was due primarily to a significant increase in asset values from realized and unrealized gains within both the domestic and international equity investment areas, as well as dividend income received from these investments. During 2013 the rate of return on investments, as measured by the Pension Trust's investment consultant, was 13.8% gross of fees.

In comparison, the Plan Net Position restricted for pension benefits as of December 31, 2012, totaled $1,013,436,059, an increase of $107,085,679 from the prior year. The increase was due primarily to a rebound in asset values in the international and domestic equity markets. During 2012 the rate of return on the Pension Trust's investments, as measured by the Pension Trust's investment consultant, was 12.8% gross of fees. A table comparison of selected current and prior years balances follows:

	2013	2012	Increase (Decrease)
Cash	$ 34,395,473	$ 26,729,382	$ 7,666,091
Investments at Fair Value	1,139,609,581	1,028,989,309	110,620,272
Receivables and Other Assets	71,641,872	31,065,869	40,576,003
Total Assets	1,245,646,926	1,086,784,560	158,862,366
Total Liabilities	109,928,309	73,348,501	36,579,808
Plan Net Position	$ 1,135,718,617	$ 1,013,436,059	$ 122,282,558

	2012	2011	Increase (Decrease)
Cash	$ 26,729,382	$ 30,286,166	$ (3,556,784)
Investments at Fair Value	1,028,989,309	893,133,087	135,856,222
Receivables and Other Assets	31,065,869	15,772,127	15,293,742
Total Assets	1,086,784,560	939,191,380	147,593,180
Total Liabilities	73,348,501	32,841,000	40,507,501
Plan Net Position	$ 1,013,436,059	$ 906,350,380	$ 107,085,679

Additions to Plan Net Position

There are three primary sources of funding for the payment of benefits: earnings on investments of assets, employer contributions, and active Plan member contributions. Income sources for the years ended December 31, 2013 and December 31, 2012, totaled $187,097,962 and $164,967,024, respectively. During 2013, deductions (benefits paid and administrative expenses) were approximately $9.6 million greater than contributions received. Comparatively, during 2012 deductions from the Plan were $1.7 million greater than total contributions. This progression is typical for a maturing pension system and is further exasperated by the addition of the Tier 3 benefit structure. As Tier 1 employees retire or terminate they are being replaced with Tier 3 employees who typically have lower contribution rates as well as lower starting salaries. In addition, per recommendation from the Pension Trust's Actuary, the Board of Trustees unanimously voted to approve a 0.94% increase in contribution rates, which was later adjusted to reflect a December 22, 2013 implementation date for the vast majority of members. A table comparison of selected current year and prior year changes in Plan Net Position follows:

	Year Ended 2013	Year Ended 2012	Increase (Decrease)
Employer Contributions	$ 30,795,872	$ 30,942,038	$ (146,166)
Plan Member Contributions	24,459,738	25,207,165	(747,427)
Net Investment income	131,842,352	108,817,821	23,024,531
Total Additions	187,097,962	164,967,024	22,130,938
Total Deductions from Plan Net Position	64,815,404	57,881,345	6,934,059
Net Increase in Plan Net Position	$ 122,282,558	$ 107,085,679	$ 15,196,879

	Year Ended 2012	Year Ended 2011	Increase (Decrease)
Employer Contributions	$ 30,942,038	$ 30,435,940	$ 506,098
Plan Member Contributions	25,207,165	25,262,362	(55,197)
Net Investment income	108,817,821	24,112,815	84,705,006
Total	164,967,024	79,811,117	85,155,907
Total Deductions from Plan Net Position	57,881,345	54,414,151	3,467,194
Net Increase in Plan Net Position	$ 107,085,679	$ 25,396,966	$ 81,688,713

Total contributions received in 2013 amounted to $55,255,610, compared to $56,149,203 in 2012, representing a decrease of about $900 thousand year for year. The total annual required contribution for 2012 as determined by the Actuarial Valuation Report as of January 01, 2013 was $56,329,706 or $180,503 greater than the actual total contributions received during 2012. 2013 figures were not yet available as of the date of this report. It is important to note that the schedule presented on page 49 refers only to employer contributions and does not include Plan member contributions.

Benefits and Expenses

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 recurring benefit payments, as designated by the Plan, refund of contributions to terminated employees, and the cost of administering the Plan. A steady increase in recurring benefit payments can be expected as more and more members transition to retirement. Below is a comparison of selected current and prior year balances:

	Year Ended 2013	Year Ended 2012	Increase (Decrease)
Benefits	$ 60,237,341	$ 54,547,801	$ 5,689,540
Refund of Contributions	2,373,490	1,138,238	1,235,252
Death Benefit	150,448	125,658	24,790
Administrative Expenses	2,054,125	2,069,648	(15,523)
	$ 64,815,404	$ 57,881,345	$ 6,934,059

	Year Ended 2012	Year Ended 2011	Increase (Decrease)
Benefits	$ 54,547,801	$ 50,415,132	$ 4,132,669
Refund of Contributions	1,138,238	1,658,678	(520,440)
Death Benefit	125,658	430,358	(304,700)
Administrative Expenses	2,069,648	1,909,983	159,665
	$ 57,881,345	$ 54,414,151	$ 3,467,194

The Plan as a Whole

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

New Pension Accounting and Financial Reporting Standards

On June 25, 2012, the Governmental Accounting Standards Board (GASB) voted to approve two new standards designed to substantially improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans, revises existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, revises and establishes new financial reporting requirements for governments that provide their employees with defined benefit pensions. These accounting and financial reporting standards represent the most significant fundamental changes in reporting requirements for pension plans and plan sponsors since 1994.

For SLOCPT, the new standards build upon the existing framework for financial reports, enhance the note disclosures and required supplementary information, and require the presentation of new information about annual money-weighted rates of return in the Notes to the Basic Financial Statements. The new financial reporting provisions for SLOCPT are effective for fiscal year ending December 31, 2014.

The new standards require San Luis County and outside districts to recognize their proportionate share of long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This proportionate share is based on the plan sponsors' long-term contribution effort. The new financial reporting standards also enhance accountability and transparency through revised and new note disclosures and required supplementary information. For San Luis County and outside districts, the new financial reporting provisions are effective for its fiscal year ending December 31, 2015.

SLOCPT will established a GASB 67/68 Task Force comprised of key stakeholders from the County, outside districts, and external professional service providers to discuss requirements for implementation of the new accounting standards. The Task Force provides the opportunity to open the lines of communication among the parties involved and work toward establishing timelines and a framework for preliminary implementation decisions.

GASB issued the Implementation Guide for GASB Statements No. 67 and 68. The SLOCPT Board , through our professional organizations, management, and consultants, will evaluate and implement these new requirements as prescribed within the required time frame.

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 the Pension Trust’s finances and to demonstrate the Pension Trust’s 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
Executive Secretary and Chief Investment Officer

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF PLAN NET POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash	$ 34,395,473	$ 26,729,382
Receivables:		
Accrued Interest and Dividends Receivable	1,476,789	1,458,995
Accounts Receivable	6,229	2,302
Contributions Receivable	1,466,762	1,271,405
Securities Sold	67,709,705	27,190,488
Total Receivables	70,659,485	29,923,190
Investments		
Bonds and Notes, at Fair Value	235,194,163	234,358,948
International Fixed Income, at Fair Value	116,589,933	77,437,442
Collateralized Mortgage Obligations, at Fair Value	8,759,578	11,358,406
Domestic Equities, at Fair Value	340,723,554	306,004,221
International Equities, at Fair Value	267,610,676	242,966,186
Alternative Investments, at Fair Value	73,001,695	64,954,235
Real Estate, at Fair Value	97,722,859	91,896,741
Other Investments, at Fair Value	7,123	13,130
Total Investments	1,139,609,581	1,028,989,309
Other Assets		
Prepaid expenses	277,353	180,441
Capital Assets - Net of Accumulated Depreciation	705,034	962,238
Total Other Assets	982,387	1,142,679
Total Assets	$ 1,245,646,926	$ 1,086,784,560
LIABILITIES		
Securities Purchased	$ 108,670,094	$ 72,169,322
Accrued Liabilities	1,258,215	1,179,179
Total Liabilities	$ 109,928,309	$ 73,348,501
PLAN NET POSITION		
Net Position Restricted for Pensions	**$ 1,135,718,617**	**$ 1,013,436,059**

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

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SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
ADDITIONS		
Contributions		
Employer Contributions	$ 30,795,872	$ 30,942,038
Plan Member Contributions	24,459,738	25,207,165
Total Contributions	55,255,610	56,149,203
Investment Income		
Realized and Unrealized Gains and Losses	96,396,611	90,761,642
Interest	5,829,239	5,984,026
Dividends	33,848,242	14,698,049
Real Estate Management Trust Income (Loss), Net	(111,791)	39,052
Real Estate Operating Income, Net	1,406,219	1,420,070
Other Investment Income (Loss), Net	(6,007)	(29,670)
Investment Expenses	(5,520,161)	(4,055,348)
Net Investment Income	131,842,352	108,817,821
Total Additions	$ 187,097,962	$ 164,967,024
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	$ 60,237,341	$ 54,547,801
Refund of Contributions	2,373,490	1,138,238
Death Benefits	150,448	125,658
Total Benefits	62,761,279	55,811,697
Other Expenses		
Administration and Actuarial	2,054,125	2,069,648
Total Deductions	64,815,404	57,881,345
Net Increase in Plan Net Position	$ 122,282,558	$ 107,085,679
Net Position Restricted for Pensions - December 31, 2012 and December 31, 2011	1,013,436,059	906,350,380
Net Position Restricted for Pensions - December 31, 2013 and December 31, 2012	**$ 1,135,718,617**	**$ 1,013,436,059**

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

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NOTE 1 – PLAN DESCRIPTION

The San Luis Obispo County Employees Retirement Plan (the "Plan") is a multiple-employer cost sharing contributory defined benefit pension plan for employees of the County of San Luis Obispo (the "County") and certain contracting agencies (collectively, the "Employer"). 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 Board of Supervisors of the County established the San Luis Obispo County Pension Trust 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 Board of Supervisors adopted the By-Laws of the Plan. The Plan is a part of those By-Laws. The County of San Luis Obispo Board of Supervisors may amend the Plan's provisions. Under terms of the Plan, governance of the Plan is assigned to the Board of Trustees (the "Board") specified in the Plan.

The applicable retirement formula, minimum retirement age, compensation base, post retirement Cost of Living Adjustment (COLA), COLA carry over, 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 bargaining unit. The normal retirement age for Safety and Probation Officer members in Tier 1 and Tier 2 is 55 and the normal retirement age for Miscellaneous members in Tier 1 and Tier 2 is 60. Tier 3 members do not have a designated normal retirement age. The Plan permits early retirement for most members at age 50 with 5 or more years of pension trust service credits. Tier 3 Miscellaneous members with at least 5 years of service credit are eligible to retire at age 52. Members receive their accumulated benefits as a life annuity payable monthly upon retirement. In the event of total and permanent disability, members upon satisfaction of membership requirements and other applicable provisions of the Plan, may receive disability benefits as defined in the Plan document. The Plan provides for an annual COLA based on the Consumer Price Index. The Plan also provides death benefits.

Total members of the Plan were comprised of the following as of December 31, 2013, and 2012:

	2013	2012
Retirees and Beneficiaries Currently Receiving Benefits	2,250	2,147
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	460	445
Active Plan Participants		
Vested	1,866	1,893
Nonvested	655	602
Total	5,231	5,087

NOTE 1 – PLAN DESCRIPTION (continued)

The actuarial funding policy of the Plan is established and amended in accordance with the purpose, objectives, methods, and guidelines described in the Plan. The Employer's appropriations and members' contributions are designed to fund annually the Plan's Actuarially Required Contribution as determined under the Entry Age Normal Cost Method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN POSITION MATTERS

General

The Plan's financial statements are prepared on the accrual basis of accounting. Members are required to contribute to the Plan at rates ranging from 3.75% to 24.55% 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. Such contributions, along with Employer appropriations 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. All assets are invested and held pursuant to, and in accordance with, the Investment Policy of the Plan. Employee contributions and Employer appropriations are recognized as revenues in the period in which they are due pursuant to formal commitments and statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement 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.

Fair Valuation of Investments

Securities

Securities 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 include, or may include, unrealized amounts from prior periods.

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.

Real Estate

Investment properties are valued at estimated fair value, which has been determined by appraisals performed by individual real estate advisors. Depreciation is not recorded on investment properties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN POSITION MATTERS (continued)

Private Equity

Private equities are valued on estimated fair values as determined by the investment manager.

Reserves

Employee and Employer contributions are allocated to various reserve accounts (titled "Member Deposits", "Current Reserve" and "COLA", respectively) based on actuarial determinations. Reserve accounts are specified further in the Plan. The purpose of the Member Deposits Reserve, Current Reserve and COLA Reserve are to account for the portion of the Pension Trust's position that is attributable to the cumulative contributions and interest of active members and the employer respectively. The balances in various reserve accounts are presented as part of "Other Supplementary Information". Member Deposits Reserve and Current Reserve accounts are fully funded, but the aggregate of all reserve accounts is funded only to the extent of the Plan as a whole.

Income Taxes

The Internal Revenue Service has ruled that the Plan qualified 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 and 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 concentration of credit risk and market risk are dictated by the Plan's Investment Policy Statement. 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 Plan Net Position and the Statement of Changes in Plan Net Position.

The Plan holds a number of real estate investments, the larger portion of which is in the form of real estate commingled funds. The Plan's direct real estate holdings not in commingled real estate funds are invested in properties located in the County.

Reclassifications

The financial statement presentation for 2012 has been changed to conform to the presentation in 2013.

NOTE 3 – CAPITAL ASSETS

Depreciation and amortization of capital assets is 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. Changes in capital assets are as follows:

	Balance Jan. 1, 2013	Additions	Deletions	Balance Dec. 31, 2013
Office Equipment	$ 77,496	$ -	$ -	77,496
Software	2,524,414	-	-	2,524,414
Accumulated Depreciation	(1,639,672)	(257,204)	-	(1,896,876)
	$ 962,238	$ (257,204)	$ -	$ 705,034

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012
Office Equipment	$ 77,496	$ -	$ -	$ 77,496
Software	2,524,414	-	-	2,524,414
Accumulated Depreciation	(1,379,692)	(259,980)	-	(1,639,672)
	$ 1,222,218	$ (259,980)	$ -	$ 962,238

Depreciation and amortization expense for the years ended December 31, 2013 and 2012 were $257,204 and $259,980, respectively.

NOTE 4 – CONTRIBUTIONS AND RESERVES

Periodic Employer appropriations 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. 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.

During June of 2013, the Board unanimously passed an increase of 0.94% to the total contribution rate as recommended by the Actuary in the January 1, 2013 Actuarial Evaluation. The increased total contribution rate took into consideration: a) continuing with the remaining 27 years of the 30 year amortization for unfunded liabilities that was reset in 2010 to 30 years; b) continuing the smoothing of the 2008 asset loss to a 10-year basis instead of the 5-year smoothing applied otherwise. Although Tier 3 provisions have been adopted for members hired on or after January 1, 2013, there were no members in Tier 3 as of the valuation date of the most recent Actuarial Valuation. The provisions and impact of new members entering Tier 3 will begin to appear in the next Actuarial Evaluation. The Employer implemented the increased total contribution rates for the majority of members in Tier 1 and Tier 2 effective December 22, 2013. The increase was adjusted to 0.97% to account for the deferred implementation. Tier 3 rates were unchanged.

NOTE 4 – CONTRIBUTIONS AND RESERVES (continued)

Actuarially Required Contribution (ARC): For some years prior to 2003, the Employer prepaid its annual ARC to the Plan in a single payment at the beginning of the Employer's fiscal year (July 1). In 2003, the Plan Sponsor began paying its ARC on a biweekly basis in conjunction with the usual Plan Sponsor payroll process. It is the policy of the Employer to contribute the full ARC through a combination of Employer appropriations and employee contributions.

The net position restricted for pension benefits is allocated among various reserves. From January 1, 2013, through December 31, 2013, these reserves were generally credited with interest at the rate of 6.75% for reserves for Member Deposits and 7.25% for other reserves. Any interest or dividends earned in excess of the amount required to be credited to the various reserves is accumulated in the contingency reserve.

NOTE 5 – DEPOSITS AND INVESTMENT RISK DISCLOSURES

Investment Stewardship

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

Investment Risk

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

Interest Rate Risk

The fair value of fixed 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.

NOTE 5 – <u>DEPOSITS AND INVESTMENT RISK DISCLOSURES</u> (continued)

The following schedule is a list of fixed income and short-term investments and the related maturity schedule for the Plan as of December 31, 2013:

	Investment Maturities (in years)				
Investment Type	Less Than 1 year	1-5 Years	6-10 Years	More than 10 years	Fair Value
Collateralized Mortgages	$ -	$ -	$ -	$ 8,759,578	$ 8,759,578
Corporate Bonds	3,939,309	8,787,157	13,500,709	15,238,108	41,465,283
Derivatives	(8,414,481)	-	-	-	(8,414,481)
Municipal Bonds	-	-	-	6,180,682	6,180,682
US Government&Agencies	-	63,996,862	62,984,674	68,510,934	195,492,470
Foreign Corporate Bonds	1,817,847	7,638,648	5,495,075	3,149,991	18,101,561
Foreign Government Bonds	4,970,178	33,871,060	35,287,077	22,139,626	96,267,941
Other Short Term Investments	2,690,640	-	-	-	2,690,640
Total	$ 5,003,493	$ 114,293,727	$ 117,267,535	$ 123,978,919	$ 360,543,674

For comparison, the following schedule is a list of fixed income and short-term investments and the related maturity schedule for the Plan as of December 31, 2012:

	Investment Maturities (in years)				
Investment Type	Less Than 1 year	1-5 Years	6-10 Years	More than 10 years	Fair Value
Collateralized Mortgages	$ -	$ -	$ -	$ 11,358,406	$ 11,358,406
Corporate Bonds	4,245,257	12,809,487	16,449,315	15,480,362	48,984,421
Derivatives	(2,908,192)	-	-	-	(2,908,192)
Municipal Bonds	900,000	-	253,436	10,935,848	12,089,284
US Government&Agencies	-	39,627,893	64,886,317	68,936,844	173,451,054
Foreign Corporate Bonds	899,955	8,919,117	7,687,300	2,884,554	20,390,926
Foreign Government Bonds	12,415,019	8,310,720	16,937,908	19,382,869	57,046,516
Other Short Term Investments	2,742,381	-	-	-	2,742,381
Total	$ 18,294,420	$ 69,667,217	$ 106,214,276	$ 128,978,883	$ 323,154,796

NOTE 5 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

Custodial Credit Risk

Custodial 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 custodial 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in the Plan's name.

At year-end, the carrying amount of the Plan's cash deposits was $34,395,473 (which includes cash equivalents) and the bank balance was $21,094,464. The difference between the bank balance and the carrying amount represents cash and cash equivalents held in transition by the Investment Custodian and various investment managers. Of the bank balance, $627,128 was covered by the Federal Deposit Insurance Corporation, and $20,467,336 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.

Custodial 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 custodial 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 custodial credit risk because all securities held by the Plan's custodial 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 Plan 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 so as to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so.

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

NOTE 5 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

The following is a schedule of the credit risk ratings comparison of the Plan's fixed income and short-term investments as of December 31, 2013, and December 31, 2012, as rated by Standard & Poor's equivalent ratings.

	2013		2012	
Quality Rating	%	Fair Value	%	Fair Value
AAA	10.14%	$ 36,563,926	68.06%	$ 219,929,095
AA+	43.41%	156,510,261	1.01%	3,267,207
AA	5.35%	19,289,332	5.40%	17,466,124
AA-	1.10%	3,975,709	1.10%	3,570,008
A+	0.71%	2,568,730	1.65%	5,329,264
A	8.31%	29,968,924	3.66%	11,824,164
A-	5.80%	20,925,091	3.21%	10,363,555
BBB+	2.42%	8,739,444	2.40%	7,769,607
BBB	3.21%	11,589,094	7.79%	25,162,406
BBB-	3.28%	11,818,291	3.33%	10,757,521
Subtotal Investment Grade	83.75%	301,948,802	97.61%	315,438,951
BB+	0.89%	$ 3,192,908	0.82%	$ 2,636,073
BB	2.65%	9,559,637	0.71%	2,303,499
BB-	0.93%	3,360,956	1.14%	3,675,166
B+	0.27%	984,280	0.73%	2,353,508
B	0.33%	1,200,341	-2.34%	(7,567,479)
B-	0.22%	800,739	0.62%	2,017,628
CCC+	0.00%	-	0.17%	547,492
CCC	0.15%	528,150	0.21%	681,462
CCC-	0.00%	-	0.05%	169,027
CC	0.16%	576,164	0.00%	-
C	0.00%	-	0.28%	899,469
D	0.11%	384,109	0.00%	-
Not Rated	10.54%	38,007,588	0.00%	-
Subtotal Non-Investment Grade	16.25%	58,594,872	2.39%	7,715,845
Total Fixed Income and Short-Term Investments	100.00%	$ 360,543,674	100.00%	$ 323,154,796

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 which may be valued in various foreign currencies.

NOTE 5 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

The Plan's exposure to foreign currency risk in U.S. Dollars as of December 31, 2013 and December 31, 2012, were as follows:

Currency	12/31/2013 Fair Value	12/31/2012 Fair Value	Increase (Decrease)
Euro Currency	$ 69,875,873	$ 69,015,095	$ 860,778
British Pound	50,348,266	64,651,582	(14,303,316)
Swiss Franc	34,857,354	31,119,379	3,737,975
Japanese Yen	18,897,473	15,394,120	3,503,353
South African Rand	16,744,757	1,995,143	14,749,614
Mexican Peso	16,512,326	8,952,189	7,560,137
Brazilian Real	10,461,860	1,276,685	9,185,175
Canadian Dollars	9,692,239	14,462,564	(4,770,325)
Turkish Lira	7,130,139	-	7,130,139
Hong Kong Dollar	6,350,881	3,282,097	3,068,784
Australian Dollars	5,392,297	5,038,322	353,975
Swedish Krona	5,058,430	-	5,058,430
Polish Zloty	5,004,273	3,674,992	1,329,281
Indonesian Rupiah	4,905,623	-	4,905,623
Malaysian Ringgit	4,036,389	2,289,763	1,746,626
South Korean Won	3,922,249	2,475,838	1,446,411
Russian Ruble	3,912,043	-	3,912,043
Danish Krone	3,887,243	4,302,438	(415,195)
Tai Baht	3,664,786	-	3,664,786
Indian Rupee	2,600,139	-	2,600,139
Chilean Peso	2,405,869	1,953,793	452,076
Columbian Peso	2,387,745	-	2,387,745
Hungarian Forint	1,061,220	-	1,061,220
Peruvian Nuevo Sol	979,217	-	979,217
Philippine Peso	752,502	-	752,502
Norwegian Krone	433,356	-	433,356
New Zealand Dollar	55,675	124,050	(68,375)
Total	$ 291,330,224	$ 230,008,050	$ 61,322,174

NOTE 6 – INVESTMENTS IN BONDS, NOTES, AND COLLATERALIZED MORTGAGE OBLIGATIONS

The summary of investments held by the Plan in bonds, notes, and collateralized mortgage obligations at December 31, 2013, is as follows:

	Cost	Fair Value
Bonds and Notes - Domestic	$ 214,280,458	$ 213,569,377
Bonds and Notes - International	20,434,968	17,739,310
Collateralized Mortgage Obligations	7,667,870	8,759,578
Subtotal	$ 242,383,296	$ 240,068,265

	Cost	Fair Value
Brandywine International Fixed Income Fund	$ 35,292,968	$ 50,613,345
Stone Harbor Local Markets Fund	50,554,034	48,237,278
State Street Global Assets TIPS Index Fund	20,934,024	21,624,786
Subtotal	$ 106,781,026	$ 120,475,409
	$ 349,164,322	$ 360,543,674

The summary of investments held by the Plan in bonds, notes, and collateralized mortgage obligations at December 31, 2012, is as follows:

	Cost	Fair Value
Bonds and Notes	$ 204,329,782	$ 210,695,077
Bonds and Notes - International	27,137,343	25,749,793
Collateralized Mortgage Obligations	9,648,265	11,358,406
Subtotal	$ 241,115,390	$ 247,803,276

	Cost	Fair Value
Brandywine International Fixed Income Fund	$ 35,450,324	$ 51,687,649
State Street Global Assets TIPS Index Fund	20,934,024	23,663,871
Subtotal	$ 56,384,348	$ 75,351,520
	$ 297,499,738	$ 323,154,796

NOTE 7 – 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:

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, and thus 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.

Credit Risk

Credit risk of cash securities containing derivative features is based upon the credit worthiness 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 period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange 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 7 – DERIVATIVES (Continued)

The Investment Derivatives schedule below reports the fair value balances and notional amounts of derivatives outstanding as of December 31, 2013, as well as the fair value and changes in fair value of derivatives as of December 31, 2012:

	2013		2012	2013/2012
Derivative Type	Notional Amount	Fair Value	Fair Value	Change in Fair Value
Forward Contracts	$ 4,200,000	$ 4,187,124	$ -	$ 4,187,124
Futures Contracts	80,950,000	79,563,950	32,348,382	47,215,568
Options Contracts	(149,200,000)	(272,592)	(453,721)	181,129
Swap Agreements	(17,884,142)	1,412,904	(295,331)	1,708,235
	$ (81,934,142)	$ 84,891,386	$ 31,599,330	$ 53,292,056

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 on the Statement of Plan 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 Plan Net Position.

NOTE 8 – DOMESTIC EQUITIES

The summary of investments held by the Plan in domestic equities at December 31, 2013 is as follows:

	Cost	Fair Value
Atlanta Capital Small/Mid Cap Portfolio	$ 28,933,265	$ 51,366,257
Research Affiliates Fundamental Index Fund	42,536,842	49,196,802
State Street Global Assets S&P 500 Index Fund	28,033,421	41,794,117
Mason Diversified Equity Portfolio	80,188,691	125,817,425
Mason High Yield Equity Portfolio	55,210,350	72,548,953
	$ 234,902,569	$ 340,723,554

NOTE 8 – DOMESTIC EQUITIES (continued)

The summary of investments held by the Plan in domestic equities at December 31, 2012, is as follows:

	Cost	Fair Value
Atlanta Capital Small/Mid Cap Portfolio	$ 34,107,295	$ 45,789,793
Research Affiliates Fundamental Index Fund	36,020,687	44,836,895
State Street Global Assets S&P 500 Index Fund	35,660,310	40,142,458
Mason Diversified Equity Fund	80,247,436	111,997,126
Mason High Yield Equity Fund	51,750,377	63,237,949
Clifton Group - Cash Overlay	(145,564)	-
	$ 237,640,541	$ 306,004,221

NOTE 9 – INTERNATIONAL EQUITIES

The summary of investments held by the Plan in international equities at December 31, 2013, is as follows:

	Cost	Fair Value
Dodge & Cox International Stock Index fund	$ 132,298,232	$ 144,452,162
Vontobel International Equity Fund	101,791,262	123,158,514
	$ 234,089,494	$ 267,610,676

The summary of investments held by the Plan in international equities at December 31, 2012, is as follows:

	Cost	Fair Value
Dodge & Cox International Stock Index fund	$ 135,212,588	$ 118,941,764
Vontobel International Equity Fund	109,205,691	124,024,422
	$ 244,418,279	$ 242,966,186

NOTE 10 – ALTERNATIVE INVESTMENTS

The summary of investments held by the Plan in alternative investments at December 31, 2013 is as follows:

	Cost	Fair Value
Gresham MTAP Commodity Builder Fund	$ 42,000,000	$ 40,616,049
Harbourvest Fund IX (buyout) LP	3,150,187	3,441,374
PIMCO Distressed Credit LP	16,045,504	18,589,912
KKR Mezzanine Debt Fund I LP	11,044,734	10,354,360
	$ 72,240,425	$ 73,001,695

The summary of investments held by the Plan in alternative investments at December 31, 2012 is as follows:

	Cost	Fair Value
BlackRock Commodities Index Fund	$ 34,000,211	$ 37,137,421
Harbourvest Fund IX (buyout) LP	2,950,000	2,789,409
PIMCO Distressed Credit LP	16,549,536	17,772,594
KKR Mezzanine Debt Fund I LP	7,460,986	7,254,811
	$ 60,960,733	$ 64,954,235

NOTE 11 – REAL ESTATE INVESTMENT TRUSTS

A portion of the Plan’s domestic equity investments may from time to time contain a portion invested in Real Estate Investment Trusts.

NOTE 12 – INVESTMENTS IN REAL ESTATE

The summary of investments held by the Plan in real estate at December 31, 2013 is as follows:

	Cost	Fair Value
Real Estate Held for Investment - Separate Account	$ 29,547,907	$ 27,239,099
Fidelity Real Estate Equity Growth Funds II & III	6,313,815	5,516,296
J.P. Morgan Strategic Properties Fund	55,236,828	64,967,464
	$ 91,098,550	$ 97,722,859

NOTE 12 – INVESTMENTS IN REAL ESTATE (Continued)

The summary of investments held by the Plan in real estate at December 31, 2012 is as follows:

	Cost	Fair Value
Real Estate Held for Investment - Separate Account	$ 29,536,687	$ 26,877,880
Fidelity Real Estate Equity Growth Funds II & III	11,275,449	8,963,040
J.P. Morgan Strategic Properties Fund	55,236,828	56,055,821
	$ 96,048,964	$ 91,896,741

The Real Estate Held for Investment – Separate Account is held in the form of a Title Holding Corporation organized in the State of California under the name Fiduciary Properties, Inc. ("FPI"), an Internal Revenue Code Section 501(c)(25) qualified subsidiary. The Internal Revenue Service approved FPI's request for determination as exempt from federal income tax on August 1, 1995. The following is a summary of FPI's financial position:

Title Holding Corporations' Financial Position
As of December 31,

	2013	2012
Assets	$ 27,358,812	$ 27,005,068
Less: Liabilities	119,713	127,188
Net Assets	$ 27,239,099	$ 26,877,880
Net Income	$ 1,756,219	$ 1,665,562

FPI's historical tax returns and determination letter are available for public inspection at the offices of the Pension Trust.

Related Party Transactions

The Plan is the sole shareholder of FPI. The Plan occupies a portion of one of the real properties owned by FPI. The monetary value of the real property is included in assets available to pay benefits to members and their beneficiaries. The Plan does not compensate FPI for occupancy and FPI's financial results are reported on a consolidated basis within these financial statements.

NOTE 13 – OTHER INVESTMENTS

In January of 2012 the Board approved the formation of a wholly owned subsidiary Limited Liability Company to account for and collect all costs and revenues associated with license fees anticipated to be received from the sale by other parties of the Pension Trust's internally developed pension software. The subsidiary was formed in July of 2012 as a limited liability company under the State of California and named Retirement Benefits Software, LLC ("RBS"). The following is a summary of RBS's financial position as of December 31, 2013 and December 31, 2012:

Retirement Benefits Software, LLC's
Financial Position as of December 31,

	2013	2012
Assets	$ 7,615	$ 13,130
Less: Liabilities	492	-
Net Assets	$ 7,123	$ 13,130
Net Income	$ (6,007)	$ (29,670)

To date, RBS has not collected income from the sale of the software.

NOTE 14 – FUNDED STATUS

The Plan's funded status based on the most recent actuarial valuation performed by Gabriel, Roeder, Smith and Company as of January 1, 2013, (the date of the most recent actuarial valuation for which data is available) is as follows:

Schedule of Funded Status (Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/13	$ 1,122,151	$ 1,468,001	$ 345,850	76.4%	$ 164,299	210.5%

NOTE 14 – FUNDED STATUS (Continued)

Disclosure of Information about Actuarial Methods and Assumptions

The required Schedule of Funding Progress immediately following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of the Plan Net Position is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations are based on the benefits provided under the terms of the substantive Plan in effect at the time of each valuation and on the pattern of sharing of costs between the employers and Plan members to that point.

The projection of benefits for financial reporting does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost-sharing between the employer and the Plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the Plan Net Position restricted for the payment of benefits. Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far in the future.

NOTE 15 – LITIGATION

The Plan is subject to legal proceedings and claims which have risen in the ordinary course of its business and have not been finally adjudicated. These actions, when finally concluded and determined, will not, in the opinion of the management of the Plan, have a material adverse effect upon the financial position of the Plan.

NOTE 16 – 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. The Plan had unfunded capital commitments totaling $26,151,807 at December 31, 2013, and $34,210,166 at December 31, 2012.

NOTE 17 – 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 to determine if these events are required to be disclosed in these financial statements.

Management has determined that no events require disclosure in accordance with Governmental accounting standards generally accepted in the United States of America. These subsequent events have been evaluated through June 23, 2014, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2013

(As of the most recently completed actuarial valuation)

Historical trend information designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is as follows:

(Dollars in Thousands)

Actuarial Valuation Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability (AAL) (b)**	**Unfunded AAL (UAAL) (b-a)**	**Funded Ratio (a/b)**	**Covered Payroll (c)**	**UAAL as a Percentage of Annual Covered Payroll ((b-a)/c)**
12/31/2007	829,764	1,057,124	227,360	78.49%	162,436	139.97%
12/31/2008	875,602	1,150,214	274,612	76.13%	168,677	162.80%
12/31/2009	937,279	1,216,153	278,874	77.07%	160,444	173.81%
12/31/2010	1,000,169	1,282,058	281,889	78.01%	161,783	174.24%
12/31/2011	1,057,922	1,378,549	320,627	76.74%	161,055	199.08%
12/31/2012	1,122,151	1,468,001	345,850	76.44%	164,299	210.50%
12/31/2013	*Valuation in progress as of June 23, 2014*					

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2013

(As of the most recently completed actuarial valuation)

Historical information regarding required and actual annual contributions by the Employer is as follows:

Year Ended December 31,	**Actual Annual Contribution**	**Annual Required Contribution**	**Percentage Contribution**
2007	24,014,202	33,840,580	71%
2008	30,860,282	34,933,644	88%
2009	31,427,297	30,957,311	102%
2010	32,148,424	30,278,179	106%
2011	30,435,940	30,051,687	101%
2012	30,942,038	31,122,541	99%
2013	*Valuation in progress as of June 23, 2014*		

It is the policy of the Employer to contribute the full Actuarially Required Contribution through a combination of employer and employee contributions. The preceding table presents only employer portions of the Actuarially Required Contribution.

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

Contributions were made in accordance with actuarially determined requirements. A variety of significant actuarial assumptions are used to determine the contributions required. These assumptions are summarized below:

Valuation Date	January 1, 2013
Actuarial Cost Method	Entry Age Normal Cost Funding Method
Amortization Method	30 years declining, Closed Method
Remaining Amortization Period	27
Asset Valuation Method	Market Related Blend, Five-year smoothing for all years except 2008, which was smoothed over ten years

Actuarial Assumptions:

Investment Rate of Return	7.25% effective annual interest rate
Inflation Rate Assumption	2.75% per year
Base Annual Rate of Compensation Increase	3.25% per year
Cost of Living Adjustments - Tier 1	3.00% (Plan Limit) for Tier 1 benefits
Cost of Living Adjustments - Tier 2 & Tier 3	2.00% (Plan Limit) for Tier 2 benefits

OTHER SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF CHANGES IN RESERVES
FOR YEAR ENDED DECEMBER 31, 2013

	Member Deposits	Current Reserve	Retirees and Beneficiaries	Cost of Living Adj.	Contingency	Adjustments to Fair Value	TOTAL
Balances January 1, 2013	$ 282,721,430	$ 136,456,445	$ 587,676,329	$ 292,117,907	$ (459,717,470)	$ 174,181,418	1,013,436,059
Contributions	24,459,738	22,760,722	-	8,035,150	-	-	55,255,610
Interest, Dividends, and Net Income	18,852,908	9,266,938	43,081,901	21,092,002	(56,848,008)	-	35,445,741
Net Increase in Fair Value of Investments	-	-	-	-	30,697,435	65,699,176	96,396,611
Actuarial Transfers (1)	-	(13,527,064)	13,527,064	-	-	-	-
Other Transfers	(537,666)	537,666	-	-	-	-	-
Retiree Reserve Transfers	(22,477,073)	(27,024,045)	49,501,118	-	-	-	-
Benefit Payments	-	-	(49,814,715)	(10,422,626)	-	-	(60,237,341)
Refund of Contributions	(2,373,490)	-	-	-	-	-	(2,373,490)
Death Benefits	(30,052)	(20,503)	(99,893)	-	-	-	(150,448)
Miscellaneous Income	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	(2,054,125)	-	(2,054,125)
Balances December 31, 2013	$ 300,615,795	$ 128,450,159	$ 643,871,804	$ 310,822,433	$ (487,922,168)	$ 239,880,594	$ 1,135,718,617

(1) Actuarially recommended transfer to reflect allocation of computed liabilities.

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Personnel Services		
Salaries and Benefits	$ 912,750	$ 1,036,846
Total Personnel Services	912,750	1,036,846
Office Expenses		
Office Supplies	16,338	22,025
Postage	18,502	19,234
Telephone	3,876	3,814
Utilities	6,569	6,447
Total Office Expenses	45,285	51,520
Professional Services		
Accounting & Auditing	46,600	49,520
Actuarial	137,480	82,658
Data Processing	273,909	201,838
Legal	214,276	223,743
Medical	6,695	3,475
Human Resources Consulting	6,885	-
Other	6,684	4,859
Bank Charges	6,537	4,004
Total Professional Services	699,066	570,097
Other Administrative Expenses		
Maintenance and Custodial	19,940	15,184
Insurance	70,060	70,136
Memberships, Subscriptions & Publications	3,370	6,275
Printing and Reprographics	16,161	12,882
Transportation, Travel and Education	16,853	17,319
County Allocated Overhead	10,698	20,205
Property Management	-	6,504
Miscellanous Administrative Expenses	2,738	2,700
Total Other Administrative Expenses	139,820	151,205
Depreciation & Amortization	257,204	259,980
TOTAL ADMINISTRATIVE EXPENSES	$ 2,054,125	$ 2,069,648

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Investment Manager Fees	$ 5,082,881	$ 3,693,541
Custodial Fees	161,863	118,299
Investment Consultant	270,231	243,508
Other Investment Expenses	5,186	-
Investment Expenses	$ 5,520,161	$ 4,055,348
Additional Investment Expenses Netted Against Investment Income and Gains/Losses		
Broker Commissions	173,454	156,173
Broker Fees	2,436	1,075
TOTAL INVESTMENT EXPENSES	$ 5,696,051	$ 4,212,596

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Custodial Fees	$ 161,863	$ 118,299
Investment Consulting Services	270,231	243,508
Accounting & Auditing Services	46,600	49,520
Actuarial Services	137,480	82,658
Data Processing Services	273,909	201,838
Legal Services	214,276	223,743
Disability Medical Services	6,695	3,475
Human Resources Services	6,885	-
Payroll Processing Services	6,424	4,859
TOTAL PAYMENTS TO CONSULTANTS	$ 1,124,363	$ 927,900

Investment Section

Investment Section Overview

The Investment Section of the CAFR provides additional detailed information regarding the Pension Trust's investments. It includes a letter from the Pension Trust's Investment Consultant addressing the Trust's investment activities and the capital markets. Additionally, information is provided on:

- Investment objectives
- Investment Policy
- Asset allocation
- Historical rates of return.
- Management Fees and Commissions
- Largest Investment Holdings

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April 14, 2014

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

Dear Mr. Nelson:

Wurts & Associates, Inc. is pleased to have had the opportunity to serve the San Luis Obispo County Pension Trust for many years and to provide this investment review for the year ending December 31, 2013.

Performance Summary

Wurts & Associates independently calculates the Plan's performance using portfolio market valuation and transaction data provided by the Plan's custodian bank, J.P. Morgan. Performance calculations are presented, to the greatest degree possible, in compliance with the Global Investment Performance Standards published by the CFA Institute.

The upward momentum from 2012 carried through 2013 as The Plan's investment portfolio returned 13.8% for the year before expenses and investment management fees, outperforming the policy index by 0.4%. Relative to peers in the BNY Mellon Public Funds Universe, The Plan ranked in the 64th percentile for the year. Peers with the highest equity exposure and more specifically, the largest domestic equity exposure, were the biggest benefactors in 2013 as the S&P 500 surged 32% during the year. The Plan is highly diversified across many different asset classes to mitigate large losses during market downturns. Consequently, in the midst of exuberant market conditions as experienced in 2013, the Plan may not keep up with its peers. The Plan experienced strong growth overall, resulting in the investment portfolio ending the year with over $1.13 billion in assets.

Asset Allocation

Following a study conducted in February of 2012, the Board confirmed the Plan's strategic asset allocation, which is reflected in the following table:

ASSET CLASS	Target Allocation
Domestic Equity	27%
International Equity	23%
Fixed Income	30%
Real Estate	10%
Alternatives*	10%

*Commodities, Private Equity

Capital Markets Review
As an encore performance to 2012, the S&P 500 delivered an impressive 32% return for the year, making 2013 the fifth highest calendar year return for the domestic equity index since 1970. Non-U.S. developed market equities also had quite an outstanding year, as the MSCI EAFE returned 23%. Not to be left out was commercial real estate which posted a solid year with an 11% return.

On the other hand, not all assets performed as favorably. Gold had one of the worst yearly performances on record posting a -28% return. Emerging Market Stocks and Core Fixed Income also posted negative returns for 2013, to the tune of -2.3% and -2.0% respectively.

Despite the outstanding year for domestic equities, a number of concerns persist at the macro level within the U.S. economy. First, while the unemployment rate has been slowly declining, so has the labor force participation rate, leading to continued concern over employment opportunities and job creation. Second, although GDP growth remains positive, it is still below potential. Third, policymakers at the Federal Reserve are faced with the challenge of tapering their aggressive monetary stimulus program. This wouldn't be such a challenge if employment levels were higher, GDP was growing faster, and the economy was firing on all cylinders. But now that the tapering has started, we wonder how the Fed will ease the program in a way that will not stress the markets while still being accommodative to economic recovery? These uncertainties continue to support the objective of maintaining a highly diversified investment portfolio.

Plan Structure
In 2013, the Board continued to improve the structure of the portfolio by further diversifying the Plan's fixed income assets. A 5% allocation to emerging markets debt was added to diversify risks across geographies, currencies, and global interest rates. Additionally, the Plan should benefit over the long run from the income generated as a result of higher yields associated with emerging market countries.

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

Sincerely,

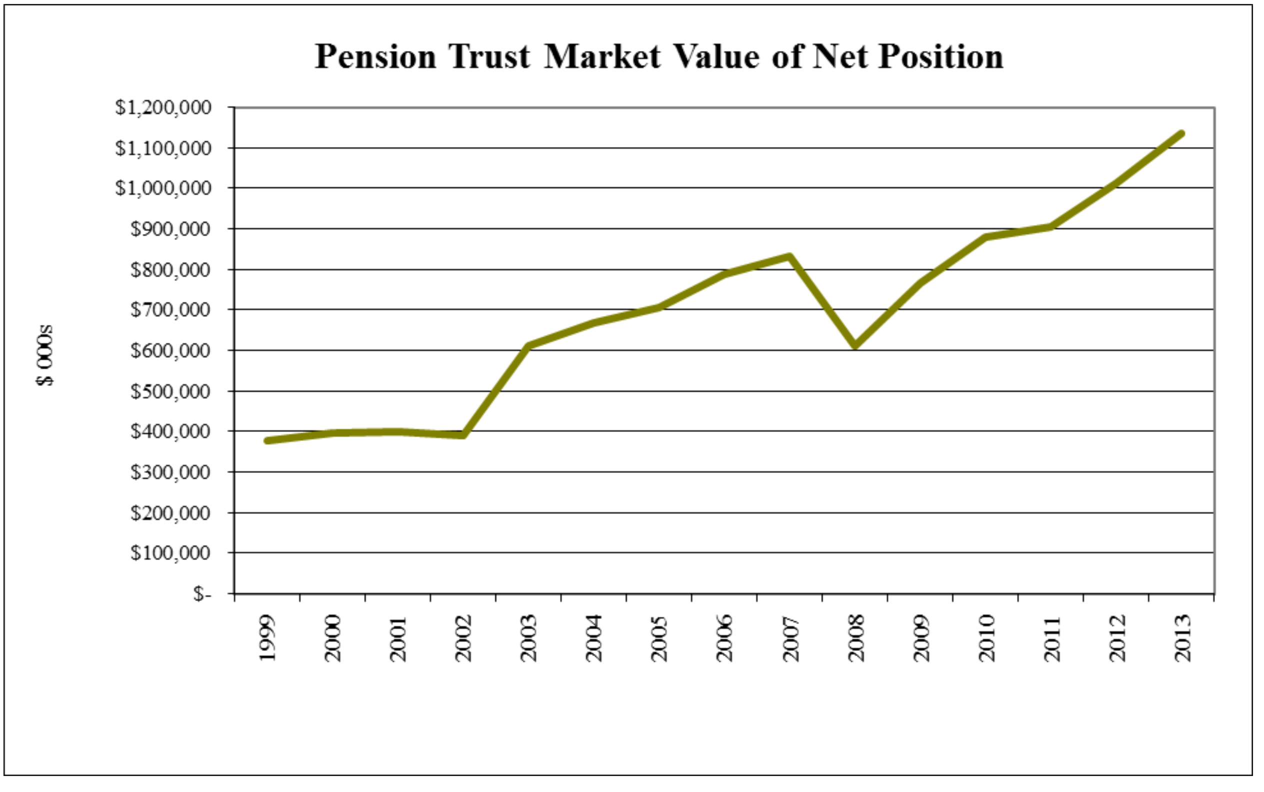
Scott J. Whalen
Executive Vice President, Senior Consultant

Summary of Investment Objectives

The Board of Trustees has adopted an Investment Policy Statement that governs the management of the Pension Trust's investments. The Board, through it's adopted Investment Policy, directing staff and consultants and receiving regular reporting on investments, is responsible for overseeing the investments of the Pension Trust. This 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 make revisions to this 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 the Pension Trust is to exceed over the long run the actuarial assumption used for asset returns. The time horizon for the Pension Trust's Investment Policy is very long reflecting the long-term nature of the liabilities funded by the Trust. This long-term horizon influences the level of investment risk deemed appropriate by the Board. The investment policies and practices of the Pension Trust are intended to be consistent with the primary mission of the Trust; 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 growth in the year end market value of net position restricted for the payment of benefits for the Pension Trust over the last fifteen years.



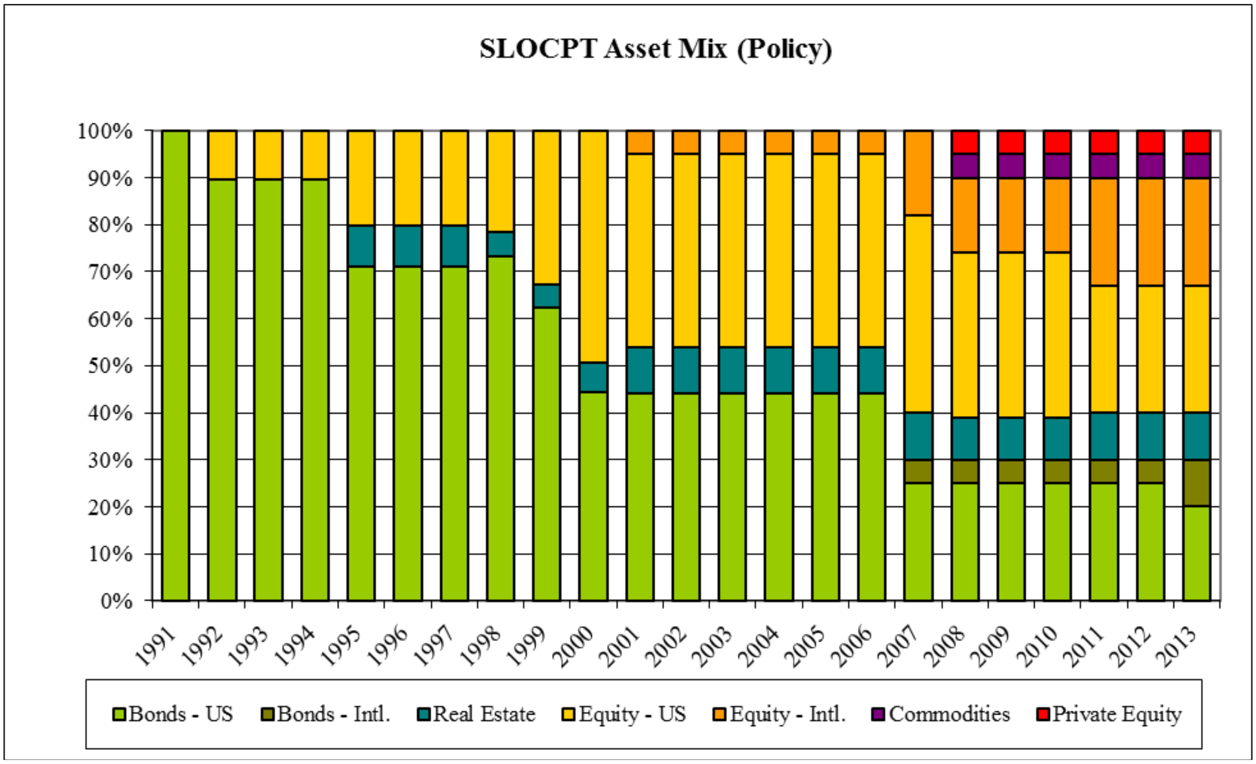
Asset Allocation Policy

The Strategic Asset Allocation (SAA) asset mix incorporated into the Investment Policy is summarized below. The Investment Policy and the SAA were amended in April 2013 and is shown in the following table.

San Luis Obispo County Pension Trust - Asset Allocation	12/31/2013 Actual	12/31/2013 Policy	Min.	Max.	Performance Benchmark
Equities - US					
Large Cap US Equity	25%	23%	18%	28%	varies with Mgr.
Small / Mid Cap US Equity	4%	4%	2%	9%	varies with Mgr.
Equities - US - Total	**30%**	**27%**	20%	37%	**Russell 3000**
Equities - International					
International	21%	15%	10%	20%	MSCI EAFE
International - Emerging Mkt.s	2%	8%	3%	13%	
Equities - Intl. - Total	**23%**	**23%**	13%	33%	**MSCI ACWI ex. US**
EQUITIES - Total	**53%**	**50%**	35%	65%	
Fixed Income					
Bonds - Core+	19%	15%	10%	30%	BC Aggregate Bond
Bonds - Global	6%	5%	0%	10%	Citi World Govt. Bond
Bonds - Emerging Market	4%	5%	0%	10%	JPM GBI EM
Bonds - Inflation Linked	2%	5%	0%	10%	BC US TIPS
BONDS - Total	**31%**	**30%**	15%	60%	**BC Aggregate Bond**
Real Estate					
Real Estate - Core	6%	6%	0%	10%	NCREIF
Real Estate - Directly owned	2%	4%	0%	5%	NCREIF
REAL ESTATE - Total	**8%**	**10%**	0%	15%	**NCREIF**
Commodities					
Commodities - Active	4%	5%	0%	10%	DJ UBS Commodities
COMMODITIES - Total	**4%**	**5%**	0%	10%	**DJ UBS Commodities**
Alternative Assets					
Private Equity	3%	5%	0%	10%	Russell 3000 + 3%
ALT. ASSETS - Total	**3%**	**5%**	0%	10%	**Russell 3000 + 3%**
Liquidity					
Cash and Cash Equivalents	1%	0%	0%	5%	T-Bills
Cash Overlay	0%	0%	NA	NA	Policy Mix
LIQUIDITY - Total	**1%**	**0%**	0%	5%	T-Bills
TOTAL (1)	**100%**	**100%**			

(1) Total investment asset basis does not include operating cash accounts, receivables or other assets included in the statement of plan net position.
Note: Opportunistic Investments may be authorized up to 10% of the total fund and deviate from the Target Asset Mix shown above.

The SAA adopted by the Pension Trust has changed over the years as shown in the following chart.

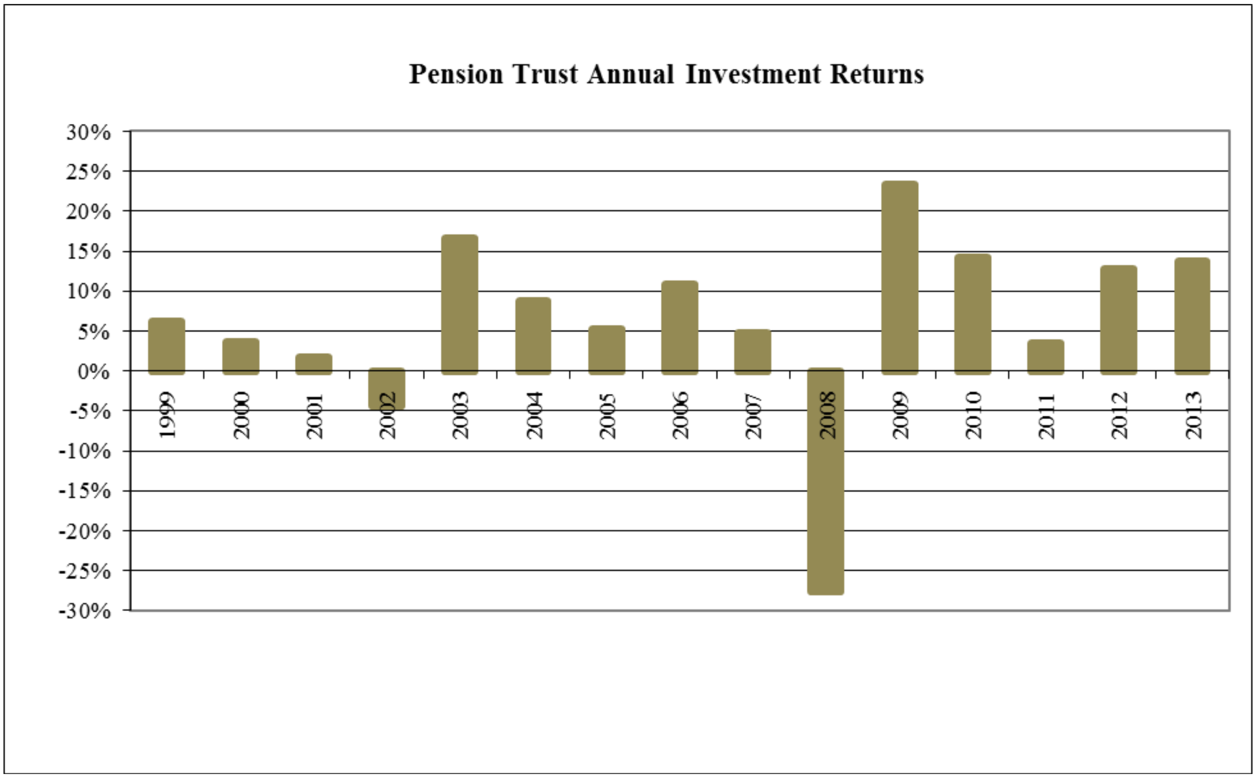


The Pension Trust employs multiple investment managers in different asset classes and with different styles of investing. Combined with strict limitations in the Investment Policy on the maximum exposure to individual investments and with regular rebalancing of the asset mix the diversification level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

Proxy voting for securities held for the Pension Trust 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 the Trust.

Investment Results

For 2013 the Pension Trust achieved a rate of return of 13.8% gross of fees. This reflects the fifth year of capital market recovery from the significant losses of 2008.



For periods ended December 31, 2013 the total market value based time-weighted rates of return on the Pension Trust's assets as computed by the Investment Consultant gross of fees are summarized below.

	2009	2010	2011	2012	2013
SLOCPT Total Returns	23.3%	14.2%	3.4%	12.8%	13.8%

Source: Wurts & Associates reports

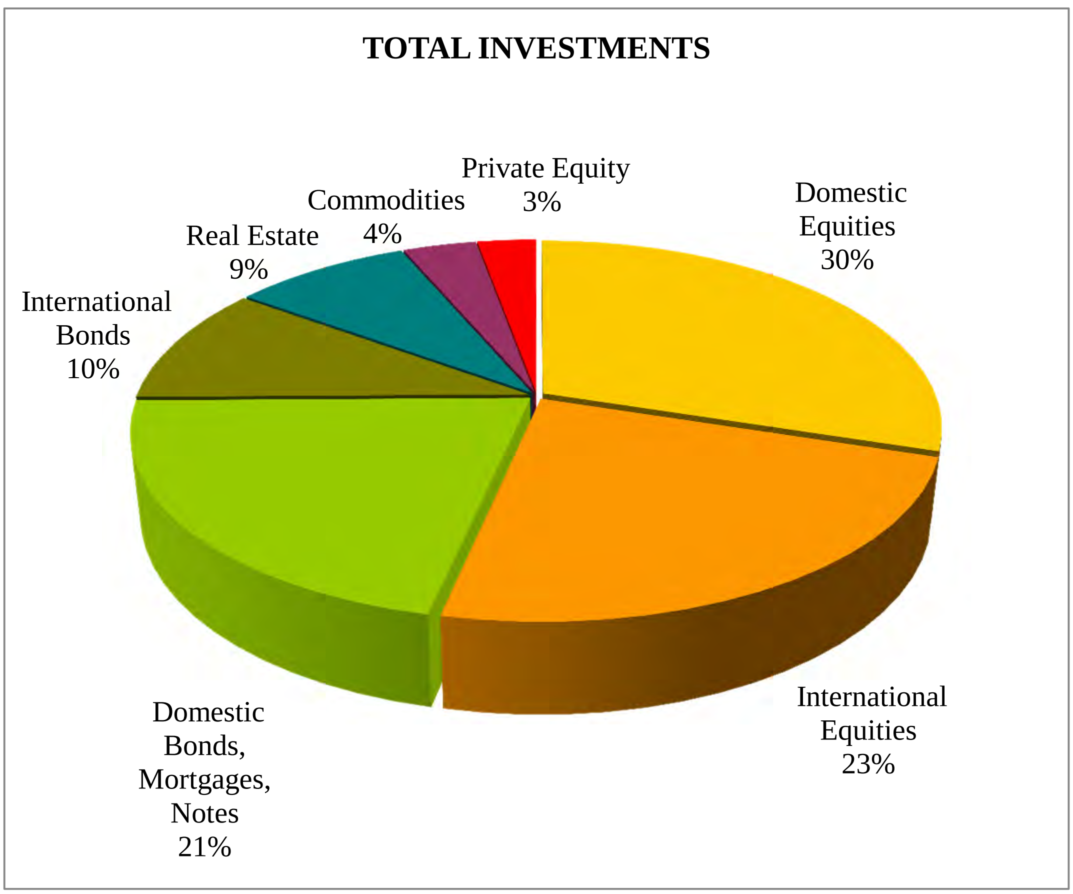
For cumulative periods the annualized time weighted total rate of returns are as follows.

	1 year	3 years	5 years	10 years
SLOCPT Total Returns	13.8%	9.9%	13.1%	6.0%

Source: Wurts & Associates 4th Quarter 2013 report and Pension Trust records for pre 2006 returns

San Luis Obispo County Pension Trust
Investments at Fair Value (Market Value)
As of December 31, 2013 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 340,724	29.90%
International Equities	267,611	23.48%
Fixed Income		
Domestic Bonds, Mortgages, Notes	243,953	21.41%
International Bonds	116,590	10.23%
Real Estate	97,723	8.58%
Alternatives		
Commodities	40,616	3.56%
Private Equity	32,386	2.84%
Other	7	0.00%
TOTAL INVESTMENTS	$ 1,139,610	100.00%



San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Fiscal Year Ended December 31, 2013

Annualized time-weighted rates of return based on market values

Investment Account		Current Year	3 Years	5 Years	Inception
Domestic Equities					
Mason Capital - Equity	g	33.2%	16.6%	20.7%	9/2002
Index: Russell 3000		*33.6%*	*16.2%*	*18.7%*	
Mason Capital - High Income Equity	g	23.9%	13.2%	20.5%	12/1997
Index: DJ US Select Dividend		*29.1%*	*17.2%*	*16.2%*	
Research Affiliates	g	36.0%	17.5%	19.8%	11/2007
SSGA S&P 500 Index Fund	g	32.4%	15.5%	*< 5 yrs*	2/2011
Index: S&P 500		*32.4%*	*16.2%*	*17.9%*	
Atlanta Capital	g	37.8%	*19.4%*	*< 5 yrs*	8/2010
Index: Russell 2500		*36.8%*	*16.3%*		
International Equities					
Dodge & Cox	g	27.1%	9.4%	17.2%	12/2007
Vontobel	g	8.3%	9.8%	13.2%	12/2007
Index: MSCI EAFE		*23.3%*	*8.7%*	*13.0%*	
Domestic Fixed Income					
PIMCO	g	-2.1%	4.2%	*< 5 yrs*	10/2009
Index: BC Aggregate Bonds		*-2.0%*	*3.3%*		
SSGA TIPS Index Fund	g	-8.6%	*< 3 yrs*		7/2011
Index: BC US TIPS		*-8.6%*			
International Fixed Income					
Stone Harbor (emerging market debt)	g	*< 1 yr*			7/2013
Index: JPM GBI EM Global Div					
Global Fixed Income					
Brandywine	g	-1.6%	5.6%	6.9%	11/2007
Index: JPM World Govt GLB		*-4.5%*	*1.2%*	*2.4%*	
Real Estate					
Direct Real Estate Owned	g	5.2%	5.5%	-0.2%	
FREG II Fund	g	9.6%	7.8%	-3.7%	10/2003
FREG III Fund	g	20.9%	16.9%	-7.4%	7/2007
JP Morgan Strategic Properties Fund	g	15.9%	14.6%	4.8%	3/2008
Index: NCREIF		*11.0%*	*11.9%*	*5.7%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Fiscal Year Ended December 31, 2013

Annualized time-weighted rates of return based on market values

Investment Account		Current Year	3 Years	5 Years	Inception
Commodities					
Gresham MTAP	g	*< 1 yr*			8/2013
Index: DJ UBS Global Commodities					
Private Equity					
HarbourVest Fund IX (buyout)					6/2011
Combined Private Equity	g	6.2%	*< 3 yrs*		
Index: Russell 3000 + 300BP		*37.4%*			
Opportunistic					
PIMCO Distressed Credit Fund					7/2010
KKR Mezzanine Debt Fund I					4/2011
Combined Opportunistic	g	20.2%	15.5%	*< 5 yrs*	
Index: Russell 3000 + 300BP		*37.4%*			
Cash Account					
Treasury Pool		0.3%	0.4%	0.7%	
Index: 90 day T-Bills		*0.1%*	*0.1%*	*0.1%*	
TOTAL FUND (including Clifton Cash Overlay)					
Total Fund		**13.8%**	**9.9%**	**13.1%**	
Index: Policy Index at 12/31/13= 27% Russell 3000, 23% MSCI ACWI ex. US, 30% BC Aggregate Bond, 10% NCREIF, Property, 5% DJ UBS Commodity, , 5% Russell 3000+300BP		*13.4%*	*8.4%*	*11.4%*	

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

n = Net of fees (e.g., a mutual fund) g = gross of fees (e.g., separate accounts, commingled funds)

Includes only investment managers in place at December 31, 2013, however investment results of terminated managers are included in the Total Fund rate of return.

Blackrock commodity index fund liquidated August 2013
Stone Harbor emerging market debt funded July 2013
Gresham active commodities funded August 2013

Source: Investment consultant, Wurts & Associates, quarterly investment reports

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions

For the Fiscal Year Ended December 31st (Dollars in Thousands)

Management Fees	Fees 2013		Year end Assets Under Mgmt.	Fees as % of YE Assets	
Domestic Equity					
Mason Capital - Equity	$ 603		$ 125,818	0.48%	
Mason Capital - High Income Equity	407		72,549	0.56%	
Research Affiliates	464		49,197	0.94%	
SSGA S&P 500 Index Fund	17		41,794	0.04%	
Atlanta Capital	424		51,366	0.83%	
Total Domestic Equity	1,915		340,724		
International Equity					
Dodge & Cox (mutual fund)	fees net in NAV		144,452	0.64%	
Vontobel	705		123,159	0.57%	
Total International Equity	705		267,611		
Domestic Fixed Income					
PIMCO	599		240,068	0.25%	
SSGA TIPS Index Fund	12		21,625	0.06%	
Total Domestic Fixed Income	611		261,693		
International and Global Fixed Income					
Brandywine	286		50,613	0.57%	
Stone Harbor	fees net in NAV		48,237	0.90%	
Total Intl. and Global Fixed Income	286		98,850		
Real Estate					
Direct Real Estate Owned	-	(2)	27,239	*N/A*	
FREG Funds II & III	86		5,516	1.56%	
JP Morgan Strategic Properties Fund	600		64,968	0.92%	
Total Real Estate	686		97,723		
Commodities					
Gresham	fees net in NAV		40,616	0.58%	
Blackrock	69		-	*N/A*	(3)
Total Commodities	69		40,616		
Private Equity					
HarbourVest Fund IX (buyout)	fees net in NAV		3,441	*N/A*	
PIMCO Distressed Credit Fund	482		18,590	2.59%	
KKR Mezzanine Debt Fund I	300		10,354	2.90%	
Total Private Equity	782		32,385		
Cash Overlay					
The Clifton Group	29		-	*N/A*	(4)
Total Investment Management	$ 5,083				

(1) is printed beside the "Fees as % of YE Assets" header.

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions

For the Fiscal Year Ended December 31st (Dollars in Thousands)

Other Investment Expenses		Fees 2013	Year end Assets Under Mgmt.	Fees as % of YE Assets
Custodian Fees	$	162		
less Securities Lending Revenue		-		
Net Custodian Fees		162	1,139,602	0.01%
Investment Consultant		270	1,139,602	0.02%
Other Investment Expenses		5		
Total Other Investment Expenses	$	437		
TOTAL INVESTMENT EXPENSES	**$**	**5,520**	1,139,602	0.48%

Broker Commissions		Commissions 2013	
Broker Commissions	$	173	(5)
Broker Fees		2	
Total Broker Commissions	$	175	

(1) Investment management fees are typically charged quarterly based on market 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.

(2) Direct Real Estate owned managed in-house.

(3) Blackrock liquidated 8/2013.

(4) Clifton Group Cash Overlay strategy has all of its underlying assets held in the "Cash" portion of Plan Net Position so is not reflected in "Investments" as presented in this schedule.

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

SLOCPT participates in a commission recapture program offered by BNY/Convergex. Mason Capital Partners is the only investment manager to which this program applies. The net income from commission recapture is netted against the brokerage commissions for the applicable investment account.

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

Schedule of Largest Stock and Bond Holdings

As of December 31, 2013 By Market Value

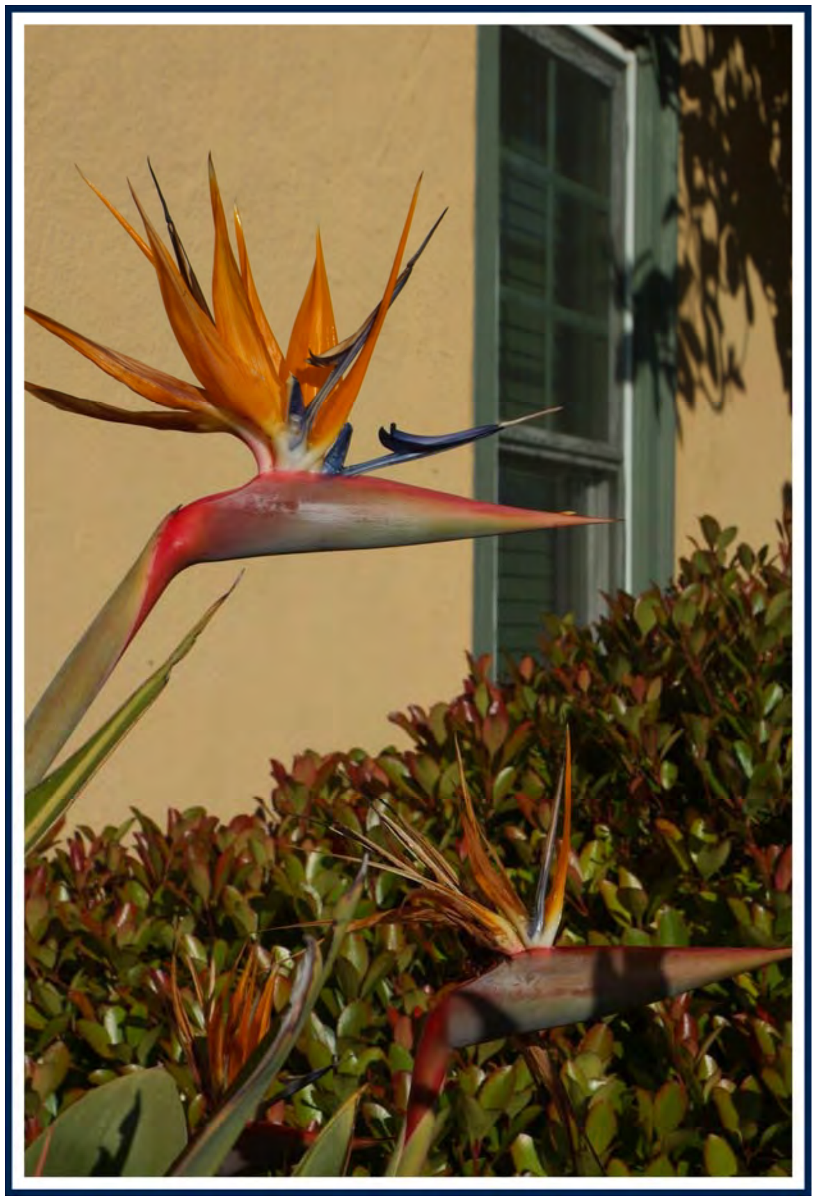
	Largest Stock Holdings	Shares	Market Value
1	AUTOMATIC DATA PROCESSING INC USD0.10	49,675	$ 4,014,237
2	OMNICOM GROUP INC USD0.15	51,050	3,796,589
3	FISERV INC USD0.01	61,080	3,606,774
4	NOVARTIS AG ADR EACH REPR 1 CHF0.50(REGD)	44,800	3,601,024
5	SUNOCO LOGISTICS PARTNERS LP NPV	45,075	3,402,261
6	BARD(C.R.) INC USD0.25	25,400	3,402,076
7	TORONTO-DOMINION BANK COM NPV	33,796	3,184,935
8	ENTERPRISE PRODUCTS PARTNERS LP MLP USD 0	48,000	3,182,400
9	PROSPERITY BANCSHARES INC USD1	48,750	3,090,263
10	COLGATE-PALMOLIVE CO USD1	46,400	3,025,744
	Total of 10 Largest Stock Holdings		$ 34,306,302

	Largest Bond Holdings	Par Value	Market Value
1	TBA FNMA 3.5% 30 YRS JAN	21,000,000	$ 20,860,560
2	UNITED STATES TREAS NTS 1.5%31/AUG/2018	17,900,000	17,809,068
3	UNITED STATES TREAS NTS 1.625%15/AUG/2022	15,400,000	13,991,208
4	UNITED STATES TREAS NTS 0.875% 31/JAN/2017	13,900,000	13,913,066
5	UNITED STATES TREAS NTS 1.75%15/MAY/2022	11,900,000	11,003,811
6	UNITED STATES TREAS NTS 1%30/NOV/2019	9,300,000	8,738,373
7	TBA FNMA SINGLE FAMILY MORTGAGE 3.00% MAT 30 YEA	9,000,000	8,543,673
8	TBA FEDERAL NATIONAL MORTGAGE ASSOC 3.50% MTG E	8,000,000	8,365,920
9	UNITED STATES TREAS NTS 1%31/AUG/2019	8,700,000	8,227,590
10	UNITED STATES TREAS NTS 0.625%30/SEP/2017	7,200,000	7,050,384
	Total of 10 Largest Bond Holdings		$ 118,503,653

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

A complete listing of the Pension Trust's investments is available upon request.

Actuarial Section



Actuarial Section Overview

The Actuarial Section of the CAFR provides expanded reporting on the actuarial measures and valuations relative to the Pension Trust and the Plan. It is based on the latest available actuarial valuation which in this case is the Annual Actuarial Valuation as of January 1, 2013.

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 with the advice of the actuary and are typically based on the results of each biennial actuarial experience study and input from the Pension Trust's consultants and staff.

The most recent annual actuarial valuation available for financial reporting in this CAFR is the January 1, 2013 valuation. It is based on member data and financial results through December 31, 2012. The Pension Trust's actuary, Gabriel Roeder Smith, completed this annual valuation during 2013. The most recent Biennial Actuarial Experience Study was completed by Gabriel Roeder Smith as of January 1, 2012. Results of this Biennial Actuarial Experience Study were used in developing the assumptions used in the January 1, 2012 and January 1, 2013 annual actuarial valuations.

The Annual Actuarial Valuation as of January 1, 2013 including actuarial assumptions was approved by the Board of Trustees on June 17, 2013.

The Annual Actuarial Valuation as of January 1, 2014 based on data through December 31, 2013 is in the process of being developed at the time of the publication of this CAFR. The pending January 1, 2014 Annual Actuarial Valuation will incorporate assumptions influenced by the January 1, 2014 Biennial Actuarial Experience Study also in the process of being finalized as of the preparation time of this 2013 CAFR. These results will be included in the 2014 CAFR.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries
7900 East Union Avenue
Suite 650
Denver, CO 80237-2746
720.274.7270 phone
303.694.0633 fax
www.gabrielroeder.com

March 6, 2014

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

Members of the Board:

Submitted in this report are the results of the regular Annual Actuarial Valuation as of January 1, 2013 of the San Luis Obispo County Pension Trust (SLOCPT). The valuation is intended to provide a measure of the funding status of the pension trust. This valuation provides information relative to the employer appropriation rates for the County's fiscal year beginning July 1, 2013.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the SLOCPT and meet the parameters required by GASB Statement No. 25. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The senior consultant is a member of the American Academy of Actuaries and meets the qualification requirements to render the actuarial opinion contained herein.

Financial Objectives

In the January 1, 2013 valuation, the Trust's funded status decreased from 76.7% to 76.4%. The total annual required contribution is 35.18% as of January 1, 2013, compared to total charged rates of 34.24%. The total annual required contribution rate is intended to be sufficient to pay the Plan's normal cost and to amortize the unfunded actuarial accrued liability (UAAL) over a closed period of 27 years from the valuation date by making payments that are level as a percent of covered payroll. Therefore, due to the difference between the charged rate and the annual required contribution, an increase in the charged rates is recommended at this time.

Demographic Data and Asset Information

The member statistical data on which the valuation was based was furnished by the staff of the SLOCPT, together with pertinent data on financial operations. Data was reviewed for reasonableness, but was not audited by the actuary.

Assumptions and Methods

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. This valuation includes assumption changes based on the Experience Study performed for the five year period ending December 31, 2011. The assumptions are internally consistent and are reasonably based on the actual and expected experience of the Plan.

The valuation results are developed using the Entry Age Cost Method. Under this method, normal cost is calculated as a constant percentage of the member's year-by-year projected, covered pay. The amortization of the unfunded actuarial accrued liabilities is done as a level percent of payroll over 27 years (30 year closed amortization period beginning with the January 1, 2010 valuation) for funding computations. In addition, the 2008 asset losses are recognized over 10 years, with recognition accelerated if a contribution margin develops. Since a margin does not exist this year, no additional acceleration has been recognized as of the January 1, 2013 valuation.

The enclosed exhibits provide further related information necessary to complete your filing. All other necessary information is available in the January 1, 2013 actuarial valuation report. The enclosed exhibits include:

- Summary of Assumptions and Funding Methods
- Schedule of Active Members
- Schedule of Retirees and Beneficiaries
- Solvency Test
- Schedule of Funding Progress
- Schedule of Employer Contributions
- Development of Actuarial Value of Assets
- Analysis of Financial Experience
- Summary of Plan Provisions
- Contributions Made During 2012
- GASB #25 Supplementary Information

We prepared the above tables but the San Luis Obispo County staff prepared the other supporting schedules and the trend tables in the financial section based on information supplied in our report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Leslie L. Thompson

Leslie L. Thompson, FSA, FCA, EA, MAAA
Senior Consultant

Joseph R. Herm

Joseph R. Herm
Senior Analyst

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

ACTUARIAL FUNDING METHOD

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

(i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
(ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Deferred and Reciprocal Member Actuarial Accrued Liability. Data provided includes date of birth, service credit, reciprocal status, and hourly pay rates at termination. The estimated benefit was used to compute the liabilities for reserve members. For reciprocal members, the estimated benefits were projected with 3.25% inflation to compute those liabilities.

Amortization of Unfunded Actuarial Accrued Liabilities is done as a level percent of payroll over 27 years (30 year closed amortization period beginning with the January 1, 2010 valuation) for funding computations.

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

ASSUMPTIONS

The contribution requirements and benefit values of the Fund are calculated by applying actuarial assumptions to the benefit provisions and member information furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

(i) long-term rates of investment return to be generated by the assets of the Fund.

(ii) patterns of pay increases to members.

(iii) rates of mortality among members, retirees, and beneficiaries.

(iv) rates of withdrawal of active members (without entitlement to a retirement benefit).

(v) rates of disability among members.

(vi) the age patterns of actual retirements.

In making a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives -- a period of time which can be as long as a century.

Actual experience of the system will not coincide exactly with assumed experience, regardless of the choice of the assumptions, the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

The investment return rate used for the actuarial valuation calculations is 7.25% a year, net of administrative expenses, compounded annually. This assumption, used to equate the value of payments due at different points in time, is adopted by the Retirement Board. The rate is comprised of two elements:

Inflation	2.75%
Real Rate of Return	4.50%
Total	7.25%

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

The 7.25% assumed rate of return is currently net of administrative expenses; the comparable gross rate would be slightly higher. Currently, no administrative expenses are explicitly recognized in the valuation.

The Inflation rate used for the actuarial valuation calculations is 2.75% per year, compounded annually. It represents the difference between the investment return rate and the assumed real rate of return.

Inflation actually experienced, as measured by the Consumer Price Index for urban wage earners, has been as follows:

Consumer Price Index

Urban Wage Earners and Clerical Workers Before 1978
All Urban Consumers After 1977
10-Year Moving Averages

December 31, 1972	3.4%
December 31, 1982	8.7%
December 31, 1992	3.8%
December 31, 2002	2.5%
December 31, 2012	2.4%
50-Year Average	**4.1%**

Interest credited to member contributions is 7.25%, compounded biweekly.

Compensation increase rates used to project current pays to those upon which a benefit will be based are represented by the following tables. Rates do not vary by age, but do include additional merit and longevity increases as shown below.

Base Annual Rate of Compensation Increase		Years of Service at Valuation Date	All Members
Inflation	2.75%	1	5.25%
Merit & Longevity	0.50%	2	5.00
Total	3.25%	3	4.00
		4	3.00
		5	2.00
		6	1.00
		7	0.50

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

Rates of separation from active membership are shown below (rates do not include separation on account of retirement or death). This assumption measures the probabilities of members separating within the next year.

Sample Ages	% of Active Members Separating Within Next Year — Miscellaneous and Probation Members: Disability	Withdrawal < 5 years	Withdrawal >= 5 years	Vested Termination
20	0.00%	12.50%	8.50%	0.00%
25	0.00%	11.00%	7.75%	3.50%
30	0.01%	9.50%	3.75%	4.00%
35	0.04%	8.00%	2.00%	3.50%
40	0.06%	7.00%	1.25%	3.00%
45	0.09%	6.00%	0.50%	3.00%
50	0.11%	6.00%	0.00%	2.50%
55	0.14%	6.00%	0.00%	2.00%
60	0.16%	6.00%	0.00%	0.00%
64	0.18%	6.00%	0.00%	0.00%
GRS Table No.	762			1188

Sample Ages	% of Active Members Separating Within Next Year — Safety Members: Disability	Withdrawal < 5 years	Withdrawal >= 5 years	Vested Termination
20	0.00%	5.20%	1.50%	3.00%
25	0.03%	5.00%	1.50%	2.00%
30	0.13%	4.70%	1.00%	1.50%
35	0.23%	4.00%	0.50%	1.50%
40	0.33%	3.50%	0.50%	1.50%
45	0.43%	2.50%	0.00%	1.50%
50	0.53%	1.50%	0.00%	1.50%
55	0.63%	0.00%	0.00%	0.00%
60	0.73%	0.00%	0.00%	0.00%
64	0.81%	0.00%	0.00%	0.00%
GRS Table No.	761			1189

Rates are not applied after the member is eligible for reduced or unreduced retirement benefits. 100% of the Safety disabilities and 0% of the Miscellaneous and Probation disabilities are assumed to be duty-related.

40% of future vested deferred members are assumed to subsequently work for reciprocal employers.

Based on Member Contribution Totals provided by Pension Trust, 10% of members' contribution account balances are assumed to be allocated for supplemental/additional benefits.

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

The post-retirement and inactive pre-retirement mortality tables used for healthy retirees were the sex-distinct RP-2000 Combined Healthy Mortality Tables with generational mortality improvements using Scale AA, a 105% multiplier and White Collar Adjustment. This assumption is used to measure the probabilities of members dying after termination or retirement and the probabilities of each benefit payment being made after retirement.

See sample rates below:

	% Dying Within Next Year Retirees	
Ages	Men	Women
45	0.12%	0.09%
50	0.17%	0.14%
55	0.28%	0.25%
60	0.48%	0.46%
65	0.98%	0.86%
70	1.69%	1.50%
75	2.98%	2.45%
80	5.53%	4.16%
85	10.10%	7.25%

Post-retirement disability mortality tables were the RP-2000 Disabled Mortality Tables projected to the year 2020 using Scale AA, no setback with an 80% multiplier for males, and setback one year with a 50% multiplier for females, as shown below for selected ages:

	% of Disabled Members Dying Within Next Year	
Ages	Men	Women
30	1.63%	0.29%
35	1.63%	0.30%
40	1.54%	0.28%
45	1.39%	0.28%
50	1.61%	0.37%
55	1.93%	0.63%
60	2.44%	0.94%
65	3.03%	1.20%
70	3.70%	1.60%

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

The active member mortality tables used were the sex-distinct RP-2000 Employee Mortality Tables projected to the year 2020 using Scale AA, setback one year with a 90% multiplier for males, and setback three years with a 50% multiplier for females. This assumption measures the probability of mortality before retirement or separation from employment. The rates include probability of ordinary death, line-of-duty death, and death while eligible for retirement or disability.

Ages	% of Active Members Dying Within Next Year	
	Men	Women
30	0.03%	0.01%
35	0.06%	0.01%
40	0.08%	0.02%
45	0.10%	0.03%
50	0.13%	0.05%
55	0.17%	0.07%
60	0.29%	0.14%
65	0.48%	0.21%
70	0.65%	0.30%

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

The rates of retirement used to measure the probability of eligible members retiring are as follows:

Age	Percent of Eligible Active Members Retiring Within Next Year		
	Miscellaneous	Probation	Safety
50	4.0%	7.5%	12.0%
51	3.0%	7.5%	14.0%
52	3.0%	7.5%	10.0%
53	3.0%	7.5%	10.0%
54	4.0%	7.5%	12.0%
55	6.0%	10.0%	15.0%
56	6.0%	12.0%	12.0%
57	8.0%	12.0%	12.0%
58	8.0%	12.0%	12.0%
59	8.0%	12.0%	18.0%
60	10.0%	15.0%	25.0%
61	10.0%	15.0%	30.0%
62	20.0%	20.0%	40.0%
63	20.0%	20.0%	50.0%
64	20.0%	20.0%	75.0%
65	40.0%	40.0%	100.0%
66	30.0%	20.0%	
67	25.0%	20.0%	
68	25.0%	40.0%	
69	25.0%	50.0%	
70	100.0%	100.0%	
GRS Table No.	2171	2169	2170

Current deferred vested and reciprocal members are assumed to retire at the later of age 60 (age 55 for Reserve Members) or attained age.

Summary of Assumptions and Funding Methods
January 1, 2013 Valuation

Member refunds.	All or part of the employee contribution rate is subject to potential "Pick Up" by the employer. Our understanding is that "Pick Ups", and related interest, are subject to refund.
DROP	Members are assumed to choose a DROP date that maximizes their retirement benefit including the DROP account balance. Account balances are credited with 7.25% interest per year. 40% of Miscellaneous and 80% of Safety members are assumed to enter the DROP.
Deferral Age.	The assumed retirement age for future Reserve and Reciprocal members is age 57.
Active Death.	100% of active deaths are assumed to be duty related.
Survivor Benefits.	Marital status and spouses' census data were imputed with respect to active and deferred members.
Marital Status -	70% of men and 50% of women were assumed married at retirement.
Spouse Census -	Women were assumed to be 3 years younger than men for active employees.
Cost of Living Increases.	Assumed to increase the full 2.75% each year (2% for Tier 2).
Disability Benefits.	Benefits are not assumed to be offset by Social Security benefits.
Line-of-Duty Death.	Social Security offset equal to 27.5% of Final Compensation.
IRC Section 415 Limits.	Benefit payments will be limited at the time of payment in accordance with the IRC Section 415 limits.
Payroll Growth Rate.	Assumed to increase 3.75% per year.

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Average Annual Earnings	Percent Increase In Average Earnings
1/01/2005	2,604	$135,188,599	$51,916	4.2
1/01/2006	2,582	143,902,100	55,733	7.4
1/01/2007	2,620	152,116,782	58,060	4.2
1/01/2008	2,662	162,435,795	61,020	5.1
1/01/2009	2,657	168,677,088	63,484	4.0
1/01/2010	2,506	160,443,939	64,024	0.9
1/01/2011	2,479	161,783,273	65,262	1.9
1/01/2012	2,446	161,054,639	65,844	0.9
1/01/2013	2,495	164,299,413	65,851	0.0

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

Valuation Date	Number Added Since Last Valuation Date	Allowances for Additional Retirees and Beneficiaries	Number Removed Since Last Valuation Date	Allowances for Retirees and Beneficiaries Removed	Number	Pension Benefit Amount	Average Annual Benefit	Percent Increase in Average Benefit
1/01/2005					1,316	$20,737,523	$15,758	24.7%
1/01/2006					1,430	24,971,809	17,463	10.8%
1/01/2007					1,543	28,922,336	18,744	7.3%
1/01/2008					1,659	34,884,890	21,028	12.2%
1/01/2009	108	$3,340,063	26	$277,689	1,741	38,693,412	22,225	5.7%
1/01/2010	205	6,258,612	56	732,196	1,890	44,940,354	23,778	7.0%
1/01/2011	113	3,290,962	57	530,316	1,946	48,431,618	24,888	4.7%
1/01/2012	134	4,109,419	40	568,150	2,040	51,967,375	25,474	2.4%
1/01/2013	150	5,235,834	43	813,919	2,147	57,242,887	26,662	4.7%

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Solvency Test

Valuation Date	Actuarial Accrued Liabilities (1) Retirees and Beneficiaries	(2) Terminated Vested Members	(3) Active Members	Valuation Assets	Percent of Accrued Liabilities Covered by Valuation Assets (1)	(2)	(3)
1/01/2005	$255,032,103	$38,348,714	$421,704,126	$651,750,502	100	100	85
1/01/2006	311,440,547	46,939,449	472,909,687	700,059,687	100	100	72
1/01/2007	373,943,523	53,191,715	567,725,915	759,758,136	100	100	59
1/01/2008	453,878,074	45,733,758	557,512,516	829,763,572	100	100	59
1/01/2009	507,043,008	52,398,299	590,772,838	875,602,263	100	100	54
1/01/2010	582,967,652	51,802,198	581,383,207	937,278,758	100	100	52
1/01/2011	620,202,009	55,563,786	606,292,540	1,000,168,850	100	100	54
1/01/2012	701,729,018	58,707,055	618,113,241	1,057,921,875	100	100	48
1/01/2013	788,045,517	56,293,118	623,662,043	1,122,150,539	100	100	45

Schedule of Funding Progress

($ in Thousands)

Valuation Date	Valuation Assets[1]	Actuarial Liability[1]	Funded Ratio	Unfunded Actuarial Liability	Member Payroll	Ratio to Payroll
12/31/2001	$404,751	$492,795	92.1%	$88,044	$120,637	73.0%
12/31/2002	430,351	556,321	77.4%	125,970	131,997	95.4%
12/31/2003	604,808	619,257	97.7%	14,449	136,364	10.6%
12/31/2003 [5]	604,808	637,075	94.9%	32,267	136,364	23.7%
12/31/2003 [2,5]	604,808	642,734	94.1%	37,926	136,364	27.8%
12/31/2004 [2]	651,751	713,683	91.3%	61,932	135,189	45.8%
12/31/2004 [6]	651,751	715,085	91.1%	63,334	135,189	46.8%
12/31/2005	700,060	803,124	87.2%	103,064	143,902	71.6%
12/31/2005 [7]	700,060	818,864	85.5%	118,804	143,902	82.6%
12/31/2005 [2,7]	700,060	831,290	84.2%	131,230	143,902	91.2%
12/31/2006	759,758	912,458	83.3%	152,700	152,117	100.4%
12/31/2006 [2]	759,758	920,285	82.6%	160,527	152,117	105.5%
12/31/2006 [2,8]	759,758	994,861	76.4%	235,103	152,117	154.6%
12/31/2006 [9]	759,758	962,828	78.9%	320,627	152,117	210.8%
12/31/2007	829,764	1,055,868	78.6%	226,104	162,436	139.2%
12/31/2007 [10]	829,764	1,057,124	78.5%	227,360	162,436	140.0%
12/31/2008	875,602	1,150,214	76.1%	274,612	168,677	162.8%
12/31/2009	937,279	1,216,153	77.1%	278,874	160,444	173.8%
12/31/2010	1,000,169	1,282,058	78.0%	281,889	161,783	174.2%
12/31/2011	1,057,922	1,334,545	79.3%	276,623	161,055	171.8%
12/31/2011 [2,11]	1,057,922	1,378,549	76.7%	320,627	161,055	199.1%
12/31/2012 [11]	1,122,151	1,468,001	76.4%	345,850	164,299	210.5%

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

12/31/2012	$6,606,149	12/31/2007	$11,507,242	12/31/2003	$13,558,875
12/31/2011	7,462,567	12/31/2006	12,181,467	12/31/2002	13,510,256
12/31/2010	8,558,571	12/31/2005	12,773,875	12/31/2001	13,734,603
12/31/2009	9,341,043	12/31/2004	13,601,745	12/31/2000	13,584,256
12/31/2008	10,397,974				

[2] Reflects assumption changes.
[3] Reflects change to Entry Age Normal Funding.
[4] Reflects benefit increases for most Miscellaneous and Probation active members.
[5] Reflects benefit increases for all management employees, excluding Court management.
[6] Reflects benefit increases for Safety management; and Court employees in BU #19 and BU #24-#27.
[7] Reflects benefit increases for Safety non-management; Miscellaneous "Other" and SLOCEA Non-Court.
[8] Reflects benefit increases for Probation and Safety members.
[9] Reflects assumption change to 7.75%.
[10] Reflects benefit increases for Miscellaneous Court employees in BU #18 and BU #20.
[11] Reflects benefit provisions under Tier 2 for certain new members.

Schedule of Employer Contributions

Pension Benefits

Year Ended 31-Dec	Total Annual Required Contribution	Actual Employee Contribution	Actuarially Required Contributions (ARC) [5]	Employer Contributions Made	Percent Contributed	Investment Return [1]	NPO Balance/(Asset)
2001	$6,776,216	$9,200,681	$15,976,897	$12,639,251 [2]	79%	7.4%	$6,069,723
2002	6,927,576	10,636,366	17,563,942	14,628,625	83%	4.4%	9,303,300
2003	8,036,014	12,136,923	20,172,937	150,813,215	748%	6.1%	(126,038,417) [3]
2004	4,227,686	12,663,198	16,890,884	16,520,585	98%	6.5%	(129,305,544)
2005	5,874,058	14,133,919	20,007,977	18,209,481	91%	6.4%	(131,184,818)
2006	6,520,975	15,496,805	22,017,780	19,177,491	87%	7.8%	(132,036,486)
2007	16,434,264	17,406,316	33,840,580 [4]	24,014,202	71%	8.4%	(124,651,921)
2008	12,093,156	22,840,488	34,933,644	30,860,282	88%	0.3%	(122,266,199)
2009	55,127,772	24,170,461	30,957,311 [6]	31,427,297	102%	5.7%	(125,154,822)
2010	54,826,804	24,548,625	30,278,179 [6]	32,148,424	106%	6.0%	(129,971,714)
2011	55,314,049	25,262,362	30,051,687 [6]	30,435,940	101%	5.5%	(133,213,404)
2012	56,329,706	25,207,165	31,122,541 [6]	30,942,038	99%	6.2%	(135,119,408)

[1] ***Based on actuarial value of assets.***

[2] ***Excludes County Employee Additional Contributions.***

[3] ***Due to 2003 issuance of Pension Obligation Bond (POB).***

[4] ***The figures represent the valuation year commencing January 1, 2007.***

[5] ***Effective July 1, 2008, the three part funding rate increase has been completed.***

[6] ***The ARC shown is the difference between the total annual required contribution and the actual employee contributions made.***
2009 is the first year the disclosure has been shown to reflect the funding policy of the trust to fund the total annual required contribution through a combination of employer and employee contributions.

Development of Actuarial Value of Assets

San Luis Obispo County Pension Trust
Development of Funding Value of Assets - January 1, 2013

	Plan Year Ended December 31, 2007	Plan Year Ended December 31, 2008	Plan Year Ended December 31, 2009	Plan Year Ended December 31, 2010	Plan Year Ended December 31, 2011	Plan Year Ended December 31, 2012
A. Funding Value Beginning of Year	$759,758,136	$829,763,572	$875,602,263	$937,278,758	$1,000,168,850	$1,057,921,875
B. Gross Market Value End of Year	832,236,083	610,286,800	764,988,635	880,953,414	906,350,380	1,013,436,059
C. Gross Market Value Beginning of Year	788,996,990	832,236,083	610,286,800	764,988,635	880,953,414	906,350,380
D. Non-Investment Cash Flow	5,380,162	12,619,013	10,219,995	5,910,357	1,284,151	(1,761,812)
E. Investment Income						
E1. Market Total =B-C-D	37,858,931	(234,568,296)	144,481,840	110,054,422	24,112,815	108,847,491
E2 Immediate Recognition	59,089,737	64,795,664	68,255,200	72,868,130	77,562,847	76,635,470
E3. Phased-in Recognition	(21,230,806)	(299,363,960)	76,226,640	37,186,292	(53,450,032)	32,212,021
F. Phased-in Recognition						
F1. Current Year=E3x20%	(4,246,161)	(29,936,396)	15,245,328	7,437,258	(10,690,006)	6,442,404
F2. First Prior Year	4,829,104	(4,246,161)	(29,936,396)	15,245,328	7,437,258	(10,690,006)
F3. Second Prior Year	(3,747,506)	4,829,104	(4,246,161)	(39,936,396) *	15,245,328	7,437,258
F4. Third Prior Year	415,705	(3,747,506)	4,829,104	(4,246,161)	(29,936,396)	15,245,328
F5. Fourth Prior Year	7,610,170	415,705	(3,747,506)	4,829,104	(4,246,161)	(29,936,396)
F6. Total Recognized Gain/(Loss)	4,861,312	(32,685,254)	(17,855,631)	(16,670,867)	(22,189,977)	(11,501,412)
G. Preliminary Funding Value						
=A+D+E2+F6	829,089,347	874,492,995	936,221,827	999,386,378	1,056,825,871	1,121,294,121
H. Excludable Assets						
H1. End of Year	11,507,242	10,397,974	9,341,043	8,558,571	7,462,567	6,606,149
H2. Beginning of Year	12,181,467	11,507,242	10,397,974	9,341,043	8,558,571	7,462,567
H3. Change=H1-H2	(674,225)	(1,109,268)	(1,056,931)	(782,472)	(1,096,004)	(856,418)
I. Final Funding Value=G-H3	$829,763,572	$875,602,263	$937,278,758	$1,000,168,850	$1,057,921,875	$1,122,150,539
J. Investment Return=(E2+F6)/(A+D/2)	8.39%	3.84%	5.72%	5.98%	5.53%	6.16%

*The Board elected to accelerate recognition of $10 million of the 2008 loss base for the year ending December 31, 2010.

Actuarial Analysis of Financial Experience

Composite Gain (Loss) for January 1, 2002 through 2013

Valuation Date	Actuarial Gain (Loss)	Beginning of Year Accrued Liabilities	Gain (Loss) Percentage Attributable to Investments	Gain (Loss) Percentage Not Attributable to Investments	Total Gain (Loss) Percentage
1/1/2002	($7,090,396)	$446,333,883	(0.30)%	(1.29)%	(1.59)%
1/1/2003	(31,319,034)	492,795,245	(2.79)%	(3.57)%	(6.36)%
1/1/2004	(19,544,002)	556,320,953	(1.45)%	(2.06)%	(3.51)%
1/1/2005	(10,820,472)	642,734,312	(1.15)%	(0.53)%	(1.68)%
1/1/2006	(36,097,371)	715,084,943	(1.34)%	(3.71)%	(5.05)%
1/1/2007	(12,682,702)	831,289,683	0.01 %	(1.54)%	(1.53)%
1/1/2008	(8,713,157)	962,827,691	0.50 %	(1.40)%	(0.90)%
1/1/2009	(39,999,218)	1,057,124,348	(3.09)%	(0.70)%	(3.78)%
1/1/2010	3,281,208	1,150,214,145	(1.55)%	1.84 %	0.29 %
1/1/2011	3,596,270	1,216,153,057	(0.55)%	0.85 %*	0.30 %
1/1/2012	12,704,448	1,282,058,335	(1.73)%	2.72 %	0.99 %
1/1/2013	(18,925,942)	1,378,549,314	(0.83)%	(0.54)%	(1.37)%

*The Board elected to accelerate recognition of $10 million of the 2008 loss base for the year ending December 31, 2010.

Summary of Plan Provisions
Effective January 1, 2013

1. Membership Requirements - All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the Pension Trust.

2. Final Compensation - Highest one-year average for employees in Tier 1 and "Pick Up" included as compensation for various management employees. Bargaining Units #4, 7, 8, 9, 10, 11, 12, 17, 24-27

   Pick Up Percentage included in final average compensation:

Bargaining Unit	Pick Up
4,7,8,9,11,12	9.29%
10	13.55%
17	13.59%
17C	7.74%
24-27	7.74%

   Highest three-year average for employees in Tier 2

3. Service Retirement

   A. Eligibility - Age 50 with 5 years of service.

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

   C. Retirement Age Factors

	Tier 1				Tier 2	
	All Miscellaneous	Probation	Safety*	Safety#	Non-Court Miscellaneous	Safety^
50	1.426%	2.300%	2.300%	3.000%	1.092%	2.000%
51	1.541	2.440	2.440	3.000	1.156	2.140
52	1.656	2.580	2.580	3.000	1.224	2.280
53	1.770	2.720	2.720	3.000	1.296	2.420
54	1.885	2.860	2.860	3.000	1.376	2.560
55	2.000	3.000	3.000	3.000	1.460	2.700
56	2.117	3.000	3.000	3.000	1.552	2.700

Summary of Plan Provisions
Effective January 1, 2013

	Tier 1				Tier 2	
	All Miscellaneous	Probation	Safety*	Safety#	Non-Court Miscellaneous	Safety^
57	2.233%	3.000%	3.000%	3.000%	1.650%	2.700%
58	2.350	3.000	3.000	3.000	1.758	2.700
59	2.466	3.000	3.000	3.000	1.874	2.700
60	2.583	3.000	3.000	3.000	2.000	2.700
61	2.699	3.000	3.000	3.000	2.134	2.700
62	2.816	3.000	3.000	3.000	2.272	2.700
63	2.932	3.000	3.000	3.000	2.418	2.700
64	3.049	3.000	3.000	3.000	2.458	2.700
65+	3.165	3.000	3.000	3.000	2.500	2.700

* Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15
# Safety Bargaining Units 10 &16 and Sworn Bargaining Units 15, 27, 28
^ Non-Sworn Safety Bargaining Units 3, 14

D. Maximum Benefit

a. Tier 1

80% of Final Compensation for SLOCEA, and Misc. Other.
90% of Final Compensation for Safety and Probation.
100% of Final Compensation for Miscellaneous Management.

b. Tier 2

90% of Final Compensation for all of Tier 2

4. Ordinary Disability

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

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

5. Line-of-Duty Disability

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

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

Summary of Plan Provisions
Effective January 1, 2013

6. Ordinary Death Before Eligible for Retirement (Basic Death Benefit)
   Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' Compensation.

7. Ordinary Death After Eligible for Retirement
   50% of earned benefit payable to surviving eligible spouse or children until age 18, or benefit in (6) above if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

8. Line-of-Duty Death (Safety only)
   50% of Final Compensation. Benefit increased to 62.5%, 70% or 75% respectively if violent death and 1, 2, or 3 children.

9. Death After Retirement
   50% of member's unmodified allowance continued to eligible spouse.
   $1,000 payable in lump sum to the beneficiary or the estate of the retiree.

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

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

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

Summary of Plan Provisions
Effective January 1, 2013

12. Member Contributions

    Please refer to Appendix A of the valuation report. Employee contribution rates used in the January 1, 2013 valuation have not increased since the January 1, 2012 valuation.

13. Deferred Retirement Option Program (DROP): A member may elect to participate in the Pension Trust's DROP. A member age 50 or more with 5 or more years of service may participate. An amount equal to the amount that would have been paid had the member retired, is deposited into a DROP account. The annual addition to the DROP account is increased each year by the Cost of Living Adjustment approved by the Board of trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of 5 years of DROP participation or separation from service. Upon actual retirement the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

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

Contributions Made January 1, 2012 to December 31, 2012

The Pension Trust's funding policy provides for periodic employer appropriations at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

During the period January 1, 2012 to December 31, 2012 applicable contributions of $55,945,080 were made. The contribution breakdown is as follows:

Contributions Made*

Employer Appropriations	$30,942,038
Member Contributions	25,003,042
Grand Totals	$55,945,080

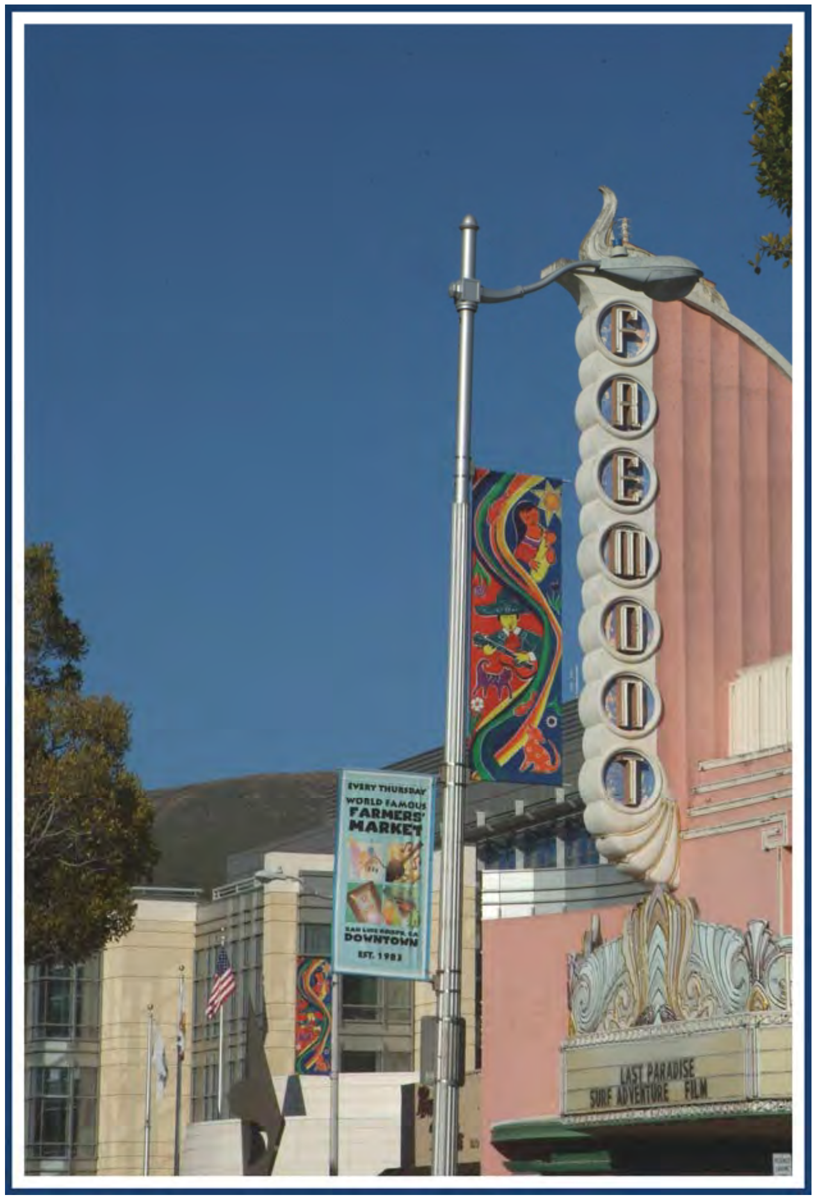
* Does not include Employee Additional Voluntary ($107,470) and County Additional for Employee Contributions ($96,653). These contributions are excluded as both assets and liabilities.

Notes to Required Supplementary Information (as required by GASB #25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2013
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	27 years
Asset valuation method	5 year smoothing (2008 asset loss smoothed over 10 years)
Actuarial assumptions:	
Investment rate of return	7.25%
Payroll growth rate	3.75%
Projected salary increases	3.25% - 8.50%
Cost-of-living adjustments	2.75% (2% for Tier 2)

Statistical Section



Statistical Section Overview

The Statistical Section of the CAFR 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 operation information important to an understanding of how the Pension Trust's financial position has changed over time.

The Pension Trust and the benefit provisions of the Retirement 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 as correctional officers and similar positions
- Safety - members employed as sworn public safety officers (e.g., Deputy Sheriffs)

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

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

Beginning in 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 after January 1, 2013 and provides a lower level of benefits.

The actuarial data presented in this Statistical Section is based on the January 1, 2013 Annual Actuarial Valuation which reflects data as of year-end 2012.

A detailed description of the Retirement Plans provisions may be found in the Actuarial Section of this CAFR.

San Luis Obispo County Pension Trust

Changes in Plan Net Position

Last 10 fiscal years (Dollars in Thousands)

	2013	2012	2011	2010	2009
Additions					
Employer Appropriations	$ 30,796	$ 30,942	$ 30,436	$ 32,148	$ 31,427
Member Contributions	24,460	25,207	25,262	24,549	24,171
Net Investment Income	131,842	108,818	24,113	110,054	144,482
Total Additions	$ 187,098	$ 164,967	$ 79,811	$ 166,751	$ 200,080
Deductions					
Service Retirement Benefits	$ 50,919	$ 46,535	$ 42,739	$ 39,807	$ 35,688
Disability Retirement Benefits	2,879	2,746	2,692	2,662	2,555
Beneficiary Retirement Benefits	3,352	2,905	2,769	2,486	2,131
DROP	3,087	2,362	2,215	1,846	1,654
Total Retirement Benefits	$ 60,237	$ 54,548	$ 50,415	$ 46,801	$ 42,028
Refunds	2,374	1,138	1,659	1,642	1,575
Death Benefit	150	125	430	362	45
Administrative Expense	2,054	2,070	1,910	1,981	1,730
Total Deductions	$ 64,815	$ 57,881	$ 54,414	$ 50,786	$ 45,378
Change in Plan Net Position	$ 122,283	$ 107,086	$ 25,397	$ 115,965	$ 154,702

	2008	2007	2006	2005	2004
Additions					
Employer Appropriations	$ 30,860	$ 24,014	$ 19,177	$ 18,209	$ 16,521
Member Contributions	22,841	17,406	15,497	14,134	12,663
Net Investment Income	(234,539)	37,640	78,578	32,017	48,371
Total Additions	$ (180,838)	$ 79,060	$ 113,252	$ 64,360	$ 77,555
Deductions					
Service Retirement Benefits	$ 31,907	$ 26,977			
Disability Retirement Benefits	2,335	2,209			
Beneficiary Retirement Benefits	1,788	1,498			
DROP	1,068	1,416			
Total Retirement Benefits (1)	$ 37,098	$ 32,100	$ 27,037	$ 22,608	$ 19,246
Refunds	2,016	1,588	1,459	1,858	1,466
Death Benefit	197	504	64	92	185
Administrative Expense	1,771	1,629	1,533	1,504	1,119
Total Deductions	$ 41,082	$ 35,821	$ 30,092	$ 26,061	$ 22,015
Change in Plan Net Position	$ (221,920)	$ 43,239	$ 83,160	$ 38,299	$ 55,540

(1) To provide enhanced detail a breakdown of retirement benefits by type has been added to this schedule, however disaggregated data was not available for years prior to 2007 when a recordkeeping system conversion took place.

Source: SLOCPT audited financial statements and detailed retiree payroll journals

San Luis Obispo County Pension Trust

Revenue and Expenses

Last 10 fiscal years (Dollars in Thousands)

Revenue by Source	Employer Approp.	Employee Contrib.	Net Investment Income	TOTAL
2013	$ 30,796	$ 24,460	$ 131,842	$ 187,098
2012	30,942	25,207	108,818	164,967
2011	30,436	25,262	24,113	79,811
2010	32,148	24,549	110,054	166,751
2009	31,427	24,170	144,482	200,080
2008	30,860	22,840	(234,539)	(180,838)
2007	24,014	17,406	37,640	79,060
2006	19,177	15,497	78,578	113,252
2005	18,209	14,134	32,017	64,360
2004	16,521	12,663	48,371	77,555

Expense by Type	Retirement Benefits	Refunds & Death Benefits	Admin-istrative Expense	TOTAL
2013	$ 60,237	$ 2,524	$ 2,054	$ 64,815
2012	54,548	1,263	2,070	57,881
2011	50,415	2,089	1,910	54,414
2010	46,801	2,005	1,981	50,787
2009	42,028	1,620	1,730	45,378
2008	37,098	2,213	1,771	41,082
2007	32,100	2,092	1,629	35,821
2006	27,037	1,522	1,533	30,092
2005	22,608	1,949	1,504	26,061
2004	19,246	1,650	1,119	22,015

Source: SLOCPT audited financial statements

San Luis Obispo County Pension Trust

Benefits by Class and Type

Last 10 fiscal years (Dollars in Thousands)

As of most recent completed actuarial valuation dated January 1, 2013, based on data as of December 31, 2012.

As of Dec. 31st each year		Service Retirement	Disability Retirement	Beneficiary Retirement	TOTAL
2012	Miscellaneous	$ 41,796	$ 1,302	$ 2,491	$ 45,589
	Probation	1,627	140	92	1,859
	Safety	8,009	1,348	438	9,795
	TOTAL	51,432	2,790	3,021	**57,243**
2011	Miscellaneous	$ 37,691	$ 1,245	$ 2,347	$ 41,283
	Probation	1,498	106	90	1,694
	Safety	7,333	1,315	342	8,990
	TOTAL	46,522	2,666	2,779	**51,967**
2010	Miscellaneous	$ 35,084	$ 1,230	$ 2,270	$ 38,584
	Probation	1,307	105	89	1,501
	Safety	6,782	1,301	263	8,346
	TOTAL	43,173	2,636	2,622	**48,431**
2009	Miscellaneous	$ 32,802	$ 1,240	$ 1,978	$ 36,020
	Probation	1,248	76	67	1,391
	Safety	5,965	1,284	280	7,529
	TOTAL	40,015	2,600	2,325	**44,940**
2008	Miscellaneous	$ 27,729	$ 1,177	$ 1,799	$ 30,705
	Probation	993	74	36	1,103
	Safety	5,514	1,171	200	6,885
	TOTAL	34,236	2,422	2,035	**38,693**
2007	Miscellaneous	$ 25,199	$ 1,082	$ 1,393	$ 27,674
	Probation	870	43	35	948
	Safety	4,970	1,100	193	6,263
	TOTAL	31,039	2,225	1,621	**34,885**
2006	Miscellaneous	$ 21,385	$ 1,037	$ 1,146	$ 23,568
	Probation	589	42	40	671
	Safety	3,434	1,058	191	4,683
	TOTAL	25,408	2,137	1,377	**28,922**
2005	Miscellaneous	$ 18,193	$ 911	$ 1,085	$ 20,189
	Probation	458	41	39	538
	Safety	3,055	995	194	4,244
	TOTAL	21,706	1,947	1,318	**24,971**
2004	Miscellaneous	$ 15,103	$ 892	$ 1,070	$ 17,065
	Probation	416	40	6	462
	Safety	2,144	866	202	3,212
	TOTAL	17,663	1,798	1,278	**20,739**
2003	Miscellaneous	$ 12,967	$ 832	$ 881	$ 14,680
	Probation	382	39	6	427
	Safety	1,802	687	185	2,674
	TOTAL	15,151	1,558	1,072	**17,781**

Note: Benefits shown are as of year-end-rates, not whole-year totals so will not tie to the financial statements

Source: SLOCPT annual actuarial valuations - Annualized benefits as of Dec. 31st

San Luis Obispo County Pension Trust

Benefits - Retirees, Disability Recipients & Beneficiaries

Last 10 fiscal years

As of most recent completed actuarial valuation dated January 1, 2013, based on data as of December 31, 2012.

As of Dec. 31st each year		Avg. Age on Dec. 31st	Avg. Age at retirement (1)	Number of Recipients	Average Annual Pmt.
2012	Miscellaneous	68.9	58.7	1,875	$ 24,314
	Probation	62.9	56.0	50	37,180
	Safety	64.0	52.5	222	44,122
	TOTAL	68.2	58.0	2,147	**$ 26,662**
2011	Miscellaneous	68.7	58.6	1,785	$ 23,128
	Probation	62.0	55.4	45	37,640
	Safety	63.8	52.3	210	42,808
	TOTAL	68.0	57.9	2,040	**$ 25,474**
2010	Miscellaneous	68.4	58.6	1,711	$ 22,551
	Probation	61.3	55.2	41	36,606
	Safety	63.3	52.0	194	43,022
	TOTAL	67.8	57.9	1,946	**$ 24,888**
2009	Miscellaneous	68.1	58.6	1,665	$ 21,634
	Probation	61.5	55.8	38	36,609
	Safety	63.3	51.8	187	40,260
	TOTAL	67.5	57.9	1,890	**$ 23,778**
2008	Miscellaneous	68.3	58.5	1,532	$ 20,043
	Probation	61.4	56.0	33	33,438
	Safety	63.3	51.8	176	39,118
	TOTAL	67.6	57.8	1,741	**$ 22,225**
2007	Miscellaneous	67.9	58.4	1,461	$ 18,942
	Probation	60.7	55.8	30	31,624
	Safety	62.8	51.8	168	37,275
	TOTAL	67.3	57.7	1,659	**$ 21,028**
2006	Miscellaneous	68.2	58.5	1,369	$ 17,215
	Probation	61.3	55.2	24	27,993
	Safety	63.2	51.5	150	31,218
	TOTAL	67.7	57.8	1,543	**$ 18,744**
2005	Miscellaneous	68.7	58.7	1,264	$ 15,972
	Probation	61.1	54.9	20	26,922
	Safety	62.6	51.5	146	29,070
	TOTAL	68.0	57.9	1,430	**$ 17,463**
2004	Miscellaneous	69.1	58.7	1,165	$ 14,647
	Probation	60.7	54.7	18	25,656
	Safety	62.6	50.6	133	24,147
	TOTAL	68.3	57.8	1,316	**$ 15,758**
2003	Miscellaneous	69.5	58.8	1,086	$ 13,518
	Probation	60.1	54.5	16	26,641
	Safety	63.2	50.8	118	22,664
	TOTAL	68.7	58.1	1,220	**$ 14,574**

(1) For Service and Disability Retirees, does not include Beneficiaries

Source: SLOCPT annual actuarial valuations - Annualized benefits as of Dec. 31st

San Luis Obispo County Pension Trust

Benefits by Annual Amount for All Recipients

Two Most Recent Fiscal Years

As of Dec. 31, 2013

Above	but	Below	Miscellaneous	Probation	Safety	**TOTAL**	**% of Total**
$ -		$ 10,000	544	7	17	**568**	**25.2%**
10,000		20,000	562	8	36	**606**	**26.9%**
20,000		30,000	329	11	34	**374**	**16.6%**
30,000		40,000	171	8	38	**217**	**9.6%**
40,000		50,000	107	7	29	**143**	**6.4%**
50,000		60,000	88	5	16	**109**	**4.8%**
60,000		70,000	53	1	18	**72**	**3.2%**
70,000		80,000	28	3	17	**48**	**2.1%**
80,000		90,000	26	1	10	**37**	**1.6%**
90,000		100,000	16	-	4	**20**	**0.9%**
100,000		and above	38	2	16	**56**	**2.5%**
			1,962	53	235	**2,250**	**100.0%**

As of Dec. 31, 2012

Above	but	Below	Miscellaneous	Probation	Safety	**TOTAL**	**% of Total**
$ -		$ 10,000	539	7	19	**565**	**26.3%**
10,000		20,000	550	9	35	**594**	**27.7%**
20,000		30,000	296	9	35	**340**	**15.8%**
30,000		40,000	158	9	38	**205**	**9.5%**
40,000		50,000	103	5	26	**134**	**6.2%**
50,000		60,000	80	6	18	**104**	**4.8%**
60,000		70,000	48	2	13	**63**	**2.9%**
70,000		80,000	26	1	17	**44**	**2.0%**
80,000		90,000	22	1	9	**32**	**1.5%**
90,000		100,000	12	-	1	**13**	**0.6%**
100,000		and above	35	2	16	**53**	**2.5%**
			1,869	51	227	**2,147**	**100.0%**

Source: SLOCPT Retiree Payroll records

San Luis Obispo County Pension Trust

Member Data

Last 10 fiscal years

As of most recent completed actuarial valuation dated January 1, 2013,
based on data as of December 31, 2012.

Active Members (all classes)	Average Age	Average Service	Average Annual Pay
2012	47.4	10.9	65,851
2011	47.7	11.1	65,844
2010	47.2	10.8	65,262
2009	46.8	10.3	64,024
2008	46.7	10.0	63,484
2007	46.3	9.7	61,020
2006	46.6	10.0	58,060
2005	46.7	10.0	55,733
2004	46.7	10.0	51,916
2003	46.2	9.5	49,804

Number of Members	Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
2012	2,495	445	2,015	132	5,087
2011	2,446	449	1,911	129	4,935
2010	2,479	475	1,817	129	4,900
2009	2,506	476	1,758	132	4,872
2008	2,657	489	1,610	131	4,887
2007	2,662	481	1,532	127	4,802
2006	2,620	504	1,416	127	4,667
2005	2,582	487	1,310	120	4,499
2004	2,604	462	1,196	120	4,382
2003	2,738	428	1,108	112	4,386

Source: SLOCPT annual actuarial valuations
- Data as of Dec. 31st each year

San Luis Obispo County Pension Trust

Members by Employer

Last 10 fiscal years

Active Members (all classes)		San Luis Obispo County	Superior Courts of CA.	Air Pollution Control District (a)	Local Agency Formation Comm.	Oceano Services District	Pension Trust staff	TOTAL
2013	(a)							
Tier 1		1,885	129	24	3	-	5	2,046
Tier 2		281	-	-	-	-	1	282
Tier 3		189	4	-	-	-	1	194
Total		2,355	133	24	3	-	7	2,522
% of total		93.4%	5.3%	1.0%	0.1%	0.0%	0.3%	
2012								
Tier 1		2,054	134	24	3	-	5	2,220
Tier 2		274	-	-	-	-	1	275
Total		2,328	134	24	3	-	6	2,495
% of total		93.3%	5.4%	1.0%	0.1%	0.0%	0.2%	
2011	(b)							
Tier 1		2,184	147	24	3	-	7	2,365
Tier 2		81	-	-	-	-	-	81
Total		2,265	147	24	3	-	7	2,446
% of total		92.6%	6.0%	1.0%	0.1%	0.0%	0.3%	
2010	(c)	2,320	149	-	3	-	7	2,479
% of total		93.6%	6.0%	0.0%	0.1%	0.0%	0.3%	
2009		2,341	154	-	3	1	7	2,506
% of total		93.4%	6.1%	0.0%	0.1%	0.0%	0.3%	
2008		2,491	156	-	3	1	6	2,657
% of total		93.8%	5.9%	0.0%	0.1%	0.0%	0.2%	
2007		2,495	157	-	3	1	6	2,662
% of total		93.7%	5.9%	0.0%	0.1%	0.0%	0.2%	
2006		2,449	163	-	3	1	4	2,620
% of total		93.5%	6.2%	0.0%	0.1%	0.0%	0.2%	
2005		2,424	150	-	3	1	4	2,582
% of total		93.9%	5.8%	0.0%	0.1%	0.0%	0.2%	
2004		2,454	142	-	3	1	4	2,604
% of total		94.2%	5.5%	0.0%	0.1%	0.0%	0.2%	

(a) Beginning in 2013 all Employers instituted a reduced level of "Tier 3" retirement benefits for new-hires.

(b) Beginning in 2011 the County, APCD and the Pension Trust instituted a reduced level of "Tier 2" retirement benefits for new-hire employees in the Miscellaneous category.

(c) Prior to 2011 the Air Pollution Control District members were employees of San Luis Obispo County

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

San Luis Obispo County Pension Trust

San Luis Obispo County
Pension Trust
1000 Mill St.
San Luis Obispo, CA 93408
805/781-5465
www.SLOPensionTrust.org