

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	2576 – FUNDING OF CALPERS UNFUNDED ACTUARIAL LIABILITY		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	09/07/2017
Resolution No.	17-30, 20-33	Revised:	11/05/2020

PURPOSE

This policy establishes a funding strategy for the unfunded accrued liability (UAL) allocated to the District by CalPERS due to underfunding or pension fund losses.

POLICY STATEMENT

Section 1. General

Chapter 5 of the Municipal Utility District Act provides that the Board of Directors may establish, administer, and fund a retirement system for the District. It is the Policy of the Board of Directors to fund, in full, the unfunded accrued liabilities (UAL) allocated to the District by adopting a retrospective theory of funding. Furthermore, in accordance with Government Accounting Standards Board (GASB) Statement No. 68 the District must recognize this UAL and establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures.

Section 2. CalPERS Payment of the UAL

The District shall secure reports periodically issued by CalPERS or other actuarial qualified to prepare such a report, documenting the District’s share of the pension fund’s UAL. The Board of Directors establishes this policy for payment of the UAL over a 20-year amortization schedule recommended by CALPERS.

Section 3. CalPERS Prefunding Plan

The Board of Directors establishes this policy allowing for funding a portion of the UAL by participation in the California Employees’ Pension Prefunding Trust Fund (CalPERS Prefunding Plan). The District’s UAL funding levels shall be reviewed by the Board on an annual basis, or at such other intervals as required or recommended by CALPERS.

Section 4. Prepayment of the UAL balance

Nothing in this policy shall prevent the District, at the sole discretion of the Board of Directors, from prepayment of the outstanding balance of the UAL allocated to the District.